Annual report and accounts 1998

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Simon Ashenden Nadia Ashfield Adrian Ashley David Ashley Andrew Ashton Cheryl Ashworth Rashad Aslam Nigel Aspinall Steven Aspinall Ali Assadi Valérie Assolen Adrian Astley-Jones Christopher Atherton Beverly Atkin Matthew Atkinson David Attal Tony Attubu
Andrew Ayre Charles Ayres Nicholas Ayres Harvinder Azad Michael Azu Franck Azza David Azzopardi Dietmar Baatz Deepak Babbar Andrew Anthony Baber Jay Babiker Alan Back Adedayo Badejo Nicola Badman Tahera Baggia Andrew Bailey Cory Bailey Frederick Baile
James Ball Stephen Ball Salim Balla Olivia Ballard Stephen Balmer Louise Bancroft Eva Bandin Alison Bannister Keith Bannister Martin Bannister Kuldip Bansal Struan Baptie Fabian Baptiste Bernadette Barber Kevin Barber Alain Barbosa Sandra Barbour Caterina Barcar
Michael Barratt Fabrice Barrau Karine Barraud Ian Barrett John Barrett Julia Barrett Iain Barrie Anthony Barron Kevin Barry Nathaniel Barry Goutom Barthakur Darren Bartlett Maurice Bartlett David Barton Mark Barton Stephen Barton Emmanuel Baruchello Oliver-Frank Basedo
David Baudoin Thomas Bauer Anna Baugh Mark Baur Nick Baute Manuel Bautista Jason Bax Marcus Baxendell Michael Baxter Peter Baxter Roger Bayley James Beach Ian Beacham Amanda Beales Ian Bean Nicholas Bean John Beard Lara Beard Nicholas Beard Martin Beat
Michael Beirne Colin Belcher Viviane Belin Nadia Belkhedra David Bell Elif Bell James Gordon Bell Joseph William Bell Karen Bell Kevin Bell Nicola Bell Stephen Bell Jean-François Belleyme Bunmi Bello Giuseppe Belluardo Mark Bending Nicolas Benetreau Mabarka Benkhale
Abdelaziz Berrandou Charles Berridge Deborah Berry Ian Berry Ian Berry Mark Berry Simon Berry Steven Berry David Bertin Fabrice Bertin Josh Bertoa Patricia Bertrand Fabienne Besnard Pascal Besson Kevin Bestford Robert Beston Craig Bevan Buffy Bevington Ajay Bhande
Mark Peter Birchall Mark Bircher Barry Bird John Bird Raj Birdi Raffaele Biscosi Paul Biswell Angela Black Christopher Black Julia Black Richard Black Rosemary Blackadder Scott Blackgrove Roy Blackshire Emma Blake Martin Blake Michael Blake Neal Blakes Edward Blanc
Mickael Bobior Kevin Bogan Norbert Boineau Julie Boisseau Lee Bolding Ian Boldison Richard Boldison Paula Bolger Philip Bolt Frances Bolton Paul Bolton Paul Bombal Christophe Bon Hélène Bonacorsi Alexander Bond Amanda Bond Simon Bone Stéphanie Bon
Sébastien Bourguinat Véronique Bourjot Deborah Bourne Martin Bousher Gilles Boutier Sandrine Boutin Matthew Boville Joanne Bovingdon Kevin John Bovis Philip Bowen Mark Bowerman Samantha Bowerman Alaine Gabrielle Bowler Bernadette Bowman David Bowy
Colin Bramble Anthony Brand Steve Brandrick Michael Brannigan Hervé Braquehays Jasmin Brar Rupinder Brar David Bray Peter Braybrooke Declan Breen David Brennan Roy Brennan Russell Brennan Mark Brenta Nigel Brereton Patrick Breuzin James Brewer Mark Brew
Johnathon Brock Terence Brock Paul Brocklehurst Helen Brogan Christophe Brohan Kenneth Bromage David Bromhead Nikki Brooke Michael Brookes Jennifer Brooks Lee Brooks Paul Brooks Rachel Brooks Rodney Anthony Brooks Neil Brosnan Hugues Broussat Adrian Brow
Paul Brown Raymond Brown Sandra Brown Sarah Brown Stephen Brown Thencne Brown Martin Brownlie Ian Bruce Inga Bruce Nancy Bruce David Bruce-Annan Christophe Brun Christelle Bruneaut Pascal Bruneaut Heather Brunt Catherine Brussin Paul Bryan Susan Brya
David Bull Scott Bull Sharon Bunce Mark Bunker Simon Bunting Susan Bunting Jonathan Bunyard Carolyn Burgess Christine Burgess Emma Burgess Katie Burgess Simon Burgess Gladstone Anton Burke James Burke Jason Burke Stéphane Burlot Albert Burnett Gary Bur
Franck Buzare Robert Bye Jeffrey Byfield Kristen Bygrave Jane Byrne Joann Byrne Julia Byrne Simon Byrne Alan Byron Andrew Cadman Kevin Cahill Coralie Cailleretz Fraser Caird Susan Cairns William Caldwell Alan Callan David Callis Nadine Calme Patrick Calthro
Richard Cane Ian Canell Trung Cang Le Colin Canning Gary Cannon Neil Cant Sylvain Cantais Jean-Michel Caparros Nicolas Caparros Claire Capstick Clare Carden Simon Charles Cardwell Rosaria Caresia Celina Carey Patrick Carey Yüksel Carkaci Lynette Carlis
David Carter Martin Carter Simon Carter Angela Caruana Fabio Casale Alison Case Ian Case Anthony Casey Matthew Casey Patrick Casey Paul Casey François Casini Joanne Cass Rachel Cassidy Jacques Castellani John Henry Castellino Leo Castillo Keith Castle Daniel Cathra
Andrew Chandiram Johnathan Chandler Alain Chanrion Fabrice Chapelot David Chapman Eric Chapman Hayley Chapman Russell Chapman William Chapman William Chappell Andrea Charlton Philippe Charmet Benoit Charmoy Philippe Chasles Alain Chaton Sylvie Chauffo
Sara Choate Bhopinder Chodda Di Choi Serge Chopard Bruce Chopping Stefan Choudhrey Shahid Choudhry Andrew Chow David Chow Claudio Christensen Jason Christie Sharon Christopher Simon Christou Andrew Chudzik Christopher Churchill Philip John Churn
Carmel Clarke Christopher Clarke Debra Jane Clarke Gary Clarke Gary William Clarke Gaston Clarke Gavin Clarke Jeremy Clarke Lee David Clarke Selina Clarke Lisa Clarkin Martin Clarkson Christophe Claude Sönke Clausen Susan Clay Faith Clayton Matthew Clayto
Christopher Cockman Raphael Cocq Kennedy Codling Richard Coffey Gary Coffield-Olive Michael Coggins Simon Coggins Denis Cognin Gershon Cohen Magali Coignac Anabelle Cointe Stuart Colburn Lianne Colclough Mark Cole Ron Cole Clive Coleman Greg Colema
Rosalind Collins Sarah Collins Suzanne Collins Michael Collman Lewis Collyer Shae Combe Victoria Compton Michael Conant Bernard Concagh Ludwig Condrads Mark Congram Samantha Conisbee Bryan Connarty Matthew Connell John Connelly William Connor Jamie Conno
Gary Cooper Jeffrey Cooper Ken Cooper Natalie Cooper Sean Cooper Shirley Cooper Simon Cooper Steven Cooper Tony Cooper Andrew Copland Paul Copsey Dante Coralluzzo Chris Corbett David Corbett Spencer Cornibert James Cornwell Ricky Corp Angela Corriga
Dominique Cousin Stephen Cousins Daniel Couzi Jeffrey Covelle Piers Covill Alisdair Cowan Barry Cowden Graham Cowdrey Michael Cowing Brian Cowley Christopher Cox Elayne Cox Joanne Cox Neil Cox Stephen Cox Brian Coyle Paul Coyne Michelle Cozens Mark Craddo
Gareth Criddle Jamie Crilly Laura Critcher Colin Crockett Charles Croft James Cromar John Cronin Siobhan Cronin Helen Crook Ian Crooks Kim Cross Paul Cross Susan Crossley Andrew Croston Samantha Crouch Stanley Crowe Richard Crowther Rory Croy Arthur Cruicksha
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Nicolas David Kevin Davids William Davidson Alan Davies Alun Davies Andrew Davies Bram Davies Ceri Davies Derrick Davies Elaine Davies Kimberley Davies Martin Davies Michael Davies Peter Davies Shane Davies Thomas Davies Victoria Davies William Davie
Georges De Figueiredo Robert De Haney Fernando De Sousa Caroline De Vries Sonja De Witt Jonathon Deacon Kirsten Deacon Lee Deacon Sally Louise Deacon John Dean Kathryn Anne Dean Michelle Dean Nichola Dean Alan Dearlove Joanne Deas Nicolas Deb
Stuart Denlegh-Maxwell Joel Denous Darryl Denton Marina Der Apelian Chafai Dernouny Franck Deronne Alpa Desai Bhavik Desai Phillip Desborough David Deschamps Marie-Christine Deshaies Vincent Desnoyer Philippe Detaille Christophe Deteix Stefan Detlefse
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Angela Dooa Leonard Dorman David Steven Dorrian Mario Dos-Santos Peter Doubtfire Brett Douglas Philip Douglas Robert Douglas Ian Dove Michael Dove Michelle Dowdeswell Leigh Dowding Lee Dowler Mark Dowler Clare Dowling Kirk Downes Paul Downing Kim Doy
Clare Drummond Philip Drury Michelle Dryden Laurent Dubois Didier Ducau Stéphane Duclos Wendy Duffield Rufus Duffin Marc Duffy John Dugdale Adrian Duggan Grant Duguid Earl Dujon Richard Duldinger Jean-Pierre Dullier Florence Dumont Laetitia Dumont Xavier Dumo
Gordon Durnan Olayinka Durodola Deborah Dury Margaret Dury Christophe Dussart Richard Duthoit Graham Dutoit Françoise Duverger Lynn Dwyer Michael Dwyer Trevor Dwyer Diane Dyer Jeremy Dyer Kim Dyer Lisa Dyer Simon Earle Sharon Eastoe Lee Eastwo
Peter Edwards Claudia Egner Heiner Ehlert Elmostafa Elabbadi Steven Eldridge Nicola Eliades Stéphane Elias Bernard Elkouby Matthew Ellard Clive Elliott Peter Elliott Richard Elliott Catherine Linda Ellis Charlotte Ellis Christopher Ellis Colin Ellis Sylvia Ellis Gregory Elliso
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Guillaume Field Nicholas Field Peter Fielding Colin Fielon Gabrielle Fifer Jaenine Filar-Deppisch Stuart Filer Nadya Fillali Shaun Finch David Findlay Sonja Fingerle David Finn Stephen Finnegan Cheryl Finney Tanja Fischer Abigail Fisher Andrea Fisher Claire Fisher Ian Fish
James Flemington David Fletcher Glenn Fletcher Paul Fletcher Rachel Fletcher Robert Fletcher Jacky Fleury Bernard Flottet Andrew Flynn Derek Flynn Liam Flynn Vivienne Flynn John Foley Nikole Föllinger Conrad Footer Elizabeth Ann Ford James Ford Jason Ford Jeremy Fo
Frédéric Fouassier Cyril Foubert Didier Fougeron Johannes Fourie Lezani Fourie Nicholas Fox Nigel Fox Paul Fox Yolanda Fox David Foxon Bob Foxwell Lorraine Fraher Anthony Frampton Kevin Frampton Barry France Chris France Suzanne France Denise Francis Howard Franc
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Brendan Galletly Tamer Gamali Michael Gamble Ian Game Jayesh Gandhi Stephen Gapper Ludovic Garanger Pravin Garara Cédric Garaventa Alexandre Garcia Paul Gard Paul Gard Raymond Gardiner Colin Gardner Dean Gardner Stephen Gardner Steven Gare Andrew Garn
Suzanne Geary Klaus Gebhardt Adam Gee Justin Gee Sally Geen Sandi Geen Kerstin Geier Uwe Geiss Uwe Geiß Paul Geldard Andrew Genders Thierry Gentilly Ben Gentry Didier Geoffroy Sandra Geoghegan James George Kevin George Matthew George Matthew Georg
Paul Gibson Scott Gibson Victoria Gibson Eric Gicquiaud Michael Giddings Noel Gie Christian Gilbert Christophe Gilbert Samantha Jane Gilead Sharon Giles Anthony Gill Dalbir Gill Emma Gill Suzanne Gill Andrew Gillan Alan Gillespie William Gillespie Declan Gille
Tracy Glynn Andrew Goddard Jason Godsall Jason Godwin Mark Goering Paul Goggin Rajeev Gogna Samuel Goldie Terence Goldsmith Vickie Goldsmith Mari-Luz Gomez Jacqueline Gonsard Stéphane Gonzalez Terry Good William Good Julian Goodbarne Jason Goo
Isabelle Gouel Andrew Gough Cheryl Gough Jonathan Goulding Thierry Gounon Coralie Gourain James Walter Govan Adrian Gower Peter Gower Adrian Grace Gesine Gradinger Anthony Graham Martin Graham Ramona Graham Aurore Grain Nadège Grandmaire Pascal Gran
Christopher Green Darryl Green Keith Green Michael Green Paul Green Paul Green Peter Green Rebecca Green Wayne Green Anthony Greenhalgh Andrew Greenslade Daniel Greenway Juliet Greenwood William Kenneth Greer Paul Greeves Angus Gregory Mark Grego
Jeffrey Grimshaw Louise Grimwood Helen Grist Milton Grizzle Andrew Groom Marie Groombridge Michael Grosse Peter Grousuko Andrew Groves Sean Groves Ruth Gruffudd-Jones Paul Grummett Mickael Guénard Cédrick Guérin Edouard Guérin Ahmed Guéssou
Marie Guyenne Giles Guyton Michael Haase Alexandre Habra Ian Hackett Maxine Hadaway Alexander Haddock Martin Hadfield Ian Hadley Alberto Haider Steven Haines Suzanne Hainsby Malcolm Hainsworth Mourad Haiouani Karen Haisman Philip Hake Andrew Ha
Lynne Hamer Mohamed-Chokri Hamida Iain Hamilton Julie Anne Hamilton William Hamilton Clive Hammerton Frederick John Hammond Kelvin Hammond Simon Hammond Bruno Hamon Jade Hancock Teresa Hancock Helaena Hankin Kenneth Hankin Timothy Hanl
Philip Hargreaves Ian Harkness Justin Harling Michael Harlow Conrad Harman Peter Harmsworth Debra Harper Katherine Harper Trefor Harries James Harrigan Claire Harrington Colin Harris David Harris Deborah Harris Hector Harris Joanna Harris Joanne Harris John Harr
Hildegart Hartig Alister Hartman Klaus Hartmann Tanja Hartmann Jenny Hartshorne Dixie Harvey Janine Harvey Kelly Joanne Harvey Richard Harvey Stephen Harvey Robert Harwood-Stamper Andrew Haskins Julie Haslam Lisa Haslam Peter Haslam Richard Hasla
Stephen Hayes Colin Haynes Lucy Hayter Nicholas Hayward Abigail Hazeau Paul Hazells Simone Hazlett Deborah Headley Lisa Heal Michael Healey Sarah Healey Peter Healy Christopher Heath Ian Heath Chris Heathfield Richard Heathfield Jayne Louise Hebdit
William Hermelin Joseph Hernon Errol Heron Bertrand Herr Stephen Herridge Bernd Herrmann Christophe Herrmann Thomas Heskin Mirko Heß Neil Hewitson Christopher Hewitt Ross Hewitt Glen Heyes Norbert Heynkes Deborah Heywood Simon Heywood Julie Hicke
Colin Hilton David Hilton Thomas Hind Charlotte Hinks David Hinselwood David Hipgrave Bhupendra Hirani Niteen Hirani Sunita Hirani Daniel Hirst Gordon Hirst Stacy Wayne Hobbs Larissa Hobbs-Jones Matthew Hobday Karen Hobson Lisa Hobson Nicholas Hobs
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Steven Hughes Thomas Hughes Philip Hulatt Alison Hull Philip Hulme Jerry Hulzenboom Justin Hume Sweetingham Pascal Humez Diana Humpage Alun Humphreys Wendy Humphries The Hung Dang Fredrick Hunt Ian Hunt Linda Hunt Martin Hunt Stephen Hunt Timothy Hu
Kieran Hutchings John Hutchinson Justin Hutchinson Lorraine Hutchinson Shirley Hutchinson Steven Hutchinson Gillian Hutchison Gregory Hutton Lisa Hutton Graham Huzzey-Morgan Sandra Hyam Dean Hyatt Stephen Hyde Kala I'Anson Sonja Ibrahim Clair Iddon Amy I
Mohammed Gousul Islam Mohammed Ismael Christophe Isoardo Louise Ivemey Kaminee Iyapah Dane Jackson Fiona Jackson John Jackson Kevin Jackson Michael Jackson Michael Jackson Rebecca Jackson Lisa Jacob Lynn Jacobs Steven Jacobs Daryll Jacobs
Samantha James Sean Jamieson Freda Jan Teresa Janaway Anthony Franiszek Janicki Mustafa Jannaty Jean-Marc Jarai Simon Jardine Gavin Jarvie Paul Jarvis Isama Jawad Claude Jay Zohra Jebari Henning Jebsen Steve Jefferson Sumandran Jeganathan Veronika Jega
Navin Jesani Christopher Jessop Luc Jidouard Justin Joanknecht Christine Jobson Gina Johal Claudette John Lloyd John Martin Johns Anthony Johnson Gemma Johnson Jennifer A Johnson Louise Johnson Pamela Johnson Peter Johnson Rodney Johnson Stephen Johns
Martin Jones Michael Jones Nia Jones Peter Jones Raymond Jones Richard Jones Simon Jones Stephen Jones William Jones Simon Charles Jonsson David Jordan Craig Joseph Olivier Joseph Ranjan Joshi Yatish Joshi John Joslin Sylviane Jouandeau Régis Joua
Lilian Kamau Gabriele Kaminiski Manfred Kaminiski Aggrey Kanyanga Hanif Kapadia Geetendra Kara Hamant Kara Pramod Kara Sanjay Kara Saïd Karar Peter Karczewski Oluremi Kareem Andrew Karim El Hassan Karmona Marek Kasprzykiewicz Amanda K
Brian Keeley Adrian Kellar Claire Kellaway Andrew Kelly Ben Kelly Brian Kelly Christopher Kelly Christopher Kelly Kate Kelly Lisa Kelly Mark Kelly Mark Kelly Tim Kelly Lee Kelsey Shaun Kemp Steven Kempster Roger Kendall Mark Kenealy Billy Kennedy Brian Kenne
Robert Kerridge Kevin Kerrison Marc Kershaw Deborah Kerwin David Kew Abdul Khaliq Khamseng Khamdy Afshana Khan Ammar Khan Mustafa Khan Nesar Mohammad Khan Zaine Khedim Anil Khedun Abderzak Khensous Amjad Khiag Mohammed Khot Lakwinder Khuma
Colin Kissock Andrew Kitching Michelle Kitto Alexander Kland Jutta Klaudat Bernhard Klein Thomas Klein Heike Klimas Matthew Knapp Paul Knapton Axel Knebel Mary Kneen Darron Knibbs Donna Knight Ian Knight James Knight Martin Knott Terence Knott Kenneth Knowle
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Baudoin Lamourère Michael Lancaster Naomi Lancaster David Lander William Lane David Russell Lang Irene Lang Nicola Langan Achim Lange Simeon Langford Robert Langley Michael Langridge John Langstaff Jason Lapenna Michael Lapp Pascal Lapp Olivier Larel
Brendan Lawrik Alison Lawson Louise Lawson Sharon Lawson David Lawton Lorraine Lazenby Tin Le Ronald Le Baigue Stéphane Le Berton Frédéric Le Bris Christophe Le Cornu Oliver Le Flahec Loïc Le Floch Andrew Le Goff Irene Leach Sally Leach Wayne Leader Kate Leal
Scott Adam Lees-Smith Laurence Lefèbvre Gavin Lefleur Eric Lefur Gwennael Legendre Eric Legg Janet Legg Jaqueline Legg Anne-Laure Legrand Sabrina Lehouerou Melanie Leibert David Leigh Alan Leishman Jason Lekerman Frédéric Lemaire Agnès Lemarchar
Maxine Lester Russell Lester Stephen Letch Loïc Letort Serge Leveille Isabelle Lévèque David Levinson Jacqueline Levy Amy Lewis Andrew Lewis David Lewis Ezra Lewis James Lewis Jeremy Lewis Katrina Lewis Sacha Lewis Stéphane Lhermitte John Lickma
Lisa Lisa Littleboy Jane Liston Kerry Litten Amanda Little Andrew Littler John Lloyd Kathleen Lloyd Lisa Lloyd Sara Lloyd Simon Lloyd Stuart Lloyd Nicholas Lloyd-Farrer Paul Lobban Joanna Lock Samuel Lock Sean Lockett Juliette Lockstone Matthew Lockwood Paul Logu
David Lovatt Kathryn Rosemary Love Rachel Love Mark Lovejoy Adrian Lowe Stephen Lowe Stella Ludden Christopher Luffman Nicole Luft Jason Luker Bob Lukic Carlos Luque Christophe Lurand Evelyn Luscombe Aggrey Lutta Kosing Ly Stephen Lyew Colin Lynch Kevin Lync
Stephen Mackie Paul Mackinnon David Mackintosh Vykky Mackintosh Paul Macmillan Jane Macpherson Kier Macree Peter Madsen Michael Magee Filomena Magliulo Marie-Claire Magot Jeswinder Mahajan Stéphane Mahe Lilly Mahendra Khalid Mahmood Mehmet Mahm
Gerardo Manalo Michel Manas Peter Mann Jeremy Manning Susan Manning Colin Mannion Alexander Mantzos Richard Mapley Michael Maravolo David Marcham Perry Marchant Stephane Marcot Kenneth Mardell Donna-Marie Mardle Denis Maréchalle Matthieu Ma
Bernard Martin Cleo Martin Conrad Martin Denise Martin Gary Martin Ged Martin Günther Martin Hannah Martin Jane Martin Jason Martin Matthew Martin Nicholas Martin Sheldon Martin Stephanie Martin Thomas Martin Anthony Martinez Lara Martins Warren Martir
Jay Mather Adrian Mathias Phillip Mathias Frédéric Mathiot Gilles Mathiot Gillian Mathis Diana Mattheou Andrew Matthews Benjamin Matthews David Matthews Ian Matthews Ian Matthews Markus Maurer Sonia Maury Michel Mavros Debbie Maxwell Mark Maxwe
Sean Mccann Katherine Mccarry Sean Mccarry Adele Mccarthy Dean Mccarthy Ian Mccarthy William Mccartney Ann Mcconnell John Mccormack Mark Mccorry Hilary Mccoubrey Emma Mccourt Peter Mccourt Dale Mccoy Lorraine Mccreadie Mark Mccrorie Ronald Mccror
Terry Mcginn Stephen Mcgowan John Mcgrath Stephen Mcgrory Niamh Mcguire Brenda Mchugh Kevin Mcinerney Tracey Mcinerney Pauline Mcintosh Damian Mcintyre Bill Mciver Simon Mckay Bradley Mckellar Judith Mckellar Elizabeth Mckinley Justin Mckinne
Martina Mcnally Donna Mcnamara Kenneth Mcnamara Catriona Mcnicholas Carl Mcnulty Deborah Mcphee Martin Mcphee Alexa Mcpherson Justin Mcpherson Caroline Mcphillips Tina Mcquaid Deborah Mcqueen Samantha Mcrae Graham Mcsporran William Mctagga
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Daniel Mitchell Emma Mitchell Finnula Mitchell Heidi-Lynn Mitchell Kathryn Mitchell Kelly Louise Mitchell Margaret Mitchell Nicholas Mitchell Paul Mitchell Paul Mitchell Graham Mitter Abdul Miyanji Liane Moar Graham Mochan Stephen Moffat Andrew Moffa
Anne Montangerand Roy Monteiro Elvis Monteith Linda Montgomery Soam Moodley Charles Moody Howard Moody Timothy Moody Lisa Mooney Neil Mooney Adrian Moore Antony Moore Bruce Moore Christopher Moore David Moore David Moore Helen Moore Hilda Moo
Lisa Morgan Michelle Louise Morgan Sarah Morgan Daniel Morisi David Morley Martin Morley Philip Morley Brenda Morrell David Morris Deborah Morris John Morris Jonathan Morris Karen Morris Katherine Morris Matthew Morris Peter Morris Richard Morris David Morris
Thirukailayanathan Muhunthan Craig George Muir Nicholas Muir Tony Mukoro Brendan Mulcahy Neil Muller Rebecca Muller Valérie Muller Elke Müller Frank Müller James Mullin Sharron Mullings Clare Munday Diane Munday Neville Mundow Helen Mundy Merci Mung
Kerry Murray Lorraine Murray Lynn Murray Matthew Murrey Mark Murrin Malik Murtaza Anthony Muschette Carly Musgrove Michael Music Robert Mussington Rüdiger Muth Sarah Mycroft Darren Myers Patrick Myers Rosina Myers Sebastian Myers Syed Naee
Susan Neilly David Nelson Linton Nelson Mark Nelson Stephen Nelson Milan Nenadic Alexandre Neron Subrananiam Nesasrie Sharon Nesbitt Parminder Neta Craig Nettleingham Sabine Neukirch Mark Nevill Mary Neville Christopher New Debbie Newberry Peter Newcomb
Martin Nichols Pia Nielsen Tara Nieman Karen Nightingale Bernd Nitsch Claire Nixon Rebecca Nobes Paul Nodding Jennifer Noel Denise Nolan Lee Nolan Christopher Nonis Timothy Norman Brian Norris Christopher Norris Graham Norris Mike Norris Paul Norr
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Fred Olayinka Emma Old Robin Oliphant Stephen Oliver John O'Mahoney Tracy O'Mahony Michael O'Malley Bruno O'Neill Edward O'Neill Trudy O'Neill Linda Ong Jean-Luc Orange Nicholas Orant Jason O'Reardon Paul O'Reilly Mohannad Orfali Marcus Oriel Anthony O'Rourl
Stephanie Overton Andrew Owen Huw Owen Stephen Owen Simon John Owers David Oxenham Antony Oxley Jürgen Paasche Michael Pacione Nicky Pack Myles Page Philip Page Christophe Pages Trever Pain Gérard Pajean Mohinder Pal Jason Pallister Lee Palm
Julie Parry Colin Parsons Michael Parsons Michelle Parsons Patrick Parsons Mark Partridge Martin Partridge Joseph Pascoe Gareth Pash Jason Pashley Gary Pate Devesh Patel Gita Patel Govind Patel Hetal Patel Hiteshkumar Patel Jaynti Patel Ketan Patel Lata Pat
Trevor Payne Heath Paynter Andrew Peacock Emma Peacock Jason Peake Sara Peake Alison Pearce Clayton Pearce Gareth Pearce Louyse Pearce Nathan Pearce Richard Pearce Karen Pearmaine-Price Gordon Pearson Neil Pearson Andrew Peaston Andrew Peck Robert Pe
Gerard Perryman Roger Perton Oliver Peschel Ade Peters Isatou Peters Russell Peters Roger Petersen-Jones Wallace Peterson Simon Peterswald Laurent Petiot Alexis Petit Emmanuel Petit Guillaume Petitfrère Sharon Pettit Vincent Pettit Lucie Petty-Marsh Werner Pfeif
Christopher Pickerill David Pickering Robert Pickering Anna Pickett Ian Pickett Ian Pickup Günther Pielorz Patrick Pierrot Andrew Pike Ernest Pike Marvin Pike Robin Pike Susan Pike Karl Pilcher Cherie Pile Emma Jane Pinder Ramesh Pindoria Jose Pinero Rey Sally Pittacc
David Pomroy Steven Pond Ashley Poole Aran Pope Franck Porrini Gordon Portanier Thomas Porteous Alan Porter Scott Porter Jason Potter Kevin Potter Nathan Potter Steve Potter Yves Pottier Alan Pottinger Didier Pouy John Powders Ian Robert Powell Lynda Powe
Matthew Primus Pascal Prin Andrew Pring Alison Pritchard Gareth Pritchard Stephen William Pritchard Beatrice Probst Claire Proctor Stewart Proctor Beverley Pryce Stefan Przepiora Charlotte Puffett David Pugsley Trevor Pugsley Suzanne Pullen Denise Pulling Malcolm Punt
David Radley Rupert Raeburn Catherine Raftery Amena Rahman Mockle Rahman Richard Rainey Essa Raisi Erika Raithel Alan Rajah Naren Rajakulasingham Anban Rajeswaran Tracey Ralphs Ramesh Ramachander Martin Ramage Haingo Ramanamirija Alison Rampasa
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Victoria Richardson Thierry Riche Adam Richmond Ian Richmond Rebecca Richmond Neil Rickett Fiona Riddoch Claire Marie Ridley Mark Ridsdale Rachel Riech Sharon Rigby Emma Rigley David Riley Bruno Rinaldi Rémy Ringenbach Sébastien Ringuet Alfonso Ringwoo
Richard Roberts Ron Roberts Susan Roberts David Robertson Fiona Robertson Kerry Robertson Stuart Robertson John Robertson-Hutchinson Virginie Robillard Allen Robins Anthony Robins Elizabeth Robins Mark Robins Basil Robinson Darren Robinson David Robinso
Miguel Rodriguez Perez Simon Roe Kim Roels Paul Rogan Helen Rogers Michael Rogers Hanna Rogerson Bernd Rohrbach Katharina Röhrs Regina Röhrs Holger Römer Denis Rongier Gareth Rooke Joseph Rooney Elizabeth Roper Catherine Ropers Nardia Rorke Frédérique Ros
Frédéric Roux Laurent Roux Andrew Rowbotham Desmond Rowe Gary Rowe Keith Rowley Jon Rowling Leigh Rowson Christian Rozier Miles Rudge Pamela Rudman Thomas Rufenach Gavin Rugman Christof Rühl Gavin Rumble Baldev Ruprai Fiona Rusby Lynsey Emma Rus
Mohammed Saddique Nikki Saddler Herpall Sahota Jaswinder Sahota Zafer Said Abdelhamid Saïfi Nadia Saïfi Owen Sainsbury Béatrice Saint Cyr Peter Sajdler Sailesh Sakaria Badiru Salau Terence Saldanha Arif Saleh Mark Saleh Hassan Salih Jazmin Salim Richard Salisbu
Lionel Sarfati Sean Sargent Mary Sarsfield Karen Sartin Christine Sas Holger Sattler Ric Sattler Philippe Saudreau Adrian Saunders Barry Saunders Elizabeth Saunders Jason Saunders Paul Saunders Mike Saundry Roy Savage Jagnesh Savania Patricia Savigear Tony Savir
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Christine Sehrt Heike Seipel Andrew Seiver Jane Seldon Dean Sellars Christine Sellers Carole Senaux David Senior Junior Senior David Sentance Marisol Sepulveda Stephanie Servais Adolphe Sesse Kouoh Corinne Sevaux Jenny Sevenoaks Peter Sewell Julie Sexto
Andrew Shave Matthew Shaw Peter Shaw Richard Shaw Caroline Shea John Sheaf Sonia Sheikh Karl Shek Konrad Shek Graham Sheldon Louize Shenton David Shepherd Karen Shepherd Trevor Shepherd Dean Sheppard Gary Sheppard Ray Sheppard Greg Sheppard-Fina
Russell Shulver David Sibley Gary Sibley Mohammad Siddiqi Shazra Siddiqi William Sidebotham Jagdeep Sidhu Danuta Siefert Charles Silk Paul Sillence James Silva Karen Silver Neal Silverstein Ian Silvester Sarah Simkin Tony James Simmonds Lloyd Simmons Andrew Simn
Sukhwinder Singh Sukwinder Singh Surjit Singh Anant Singh Mehair Garry Sippetts Srilatha Sivaharan Ramesh Sivakumaran Alexis Sizeland Helen Skepper Leon Skidmore Lisa Skilton Stephen Skinner Ronald Skirving Hervé Skolozdrzy Bertrand Skrzypczak Brenda Skus
Carlton Smith Claire Smith Clare Smith Daniel Smith David Smith David Smith David Smith Douglas Smith Gemma Smith Graham Smith Graham Smith Graham Smith Gwyn Smith Helen Smith Hugh Smith Jane Smith John Smith Julie Smith Justine Smith Karen Smi
Malcolm Snelgrove Melissa Snell Zoe Snellgrove Mark Snodgrass Vibeke Soersdal Tejpal Sohal Sheila Sohl Claire Sokell Mukesh Solanki Frederick Solley Nick Solloway Patrick Somphal Yvonne Somrani Alain Sondarjee Martin Sondermann Narinder So
Claire Spencer David Spencer Louise Spencer Vincent Spencer Zoe Lorretta Spicer Jane Spinney Thomas Spiteri Graham Spivey Kris Sponneck John Spry Roy Squires Kandasamy Sritharan Jonathan St John Barnfather Justin Charles St.Barbe Martyn Stables David Stac
Lisa Statt Phillip Steadman Bonita Stedman Craig Steele Trevor Steenkamp Manuela Steffen Sascha Steffen Michael Stegmeier Philip Stenson Mark Stephens Robert A Stephens Alan Stephenson Kora Steppke-Nitsch Alan Stevens Glen Stevens Katie Steve
Robert Stokoe Richard Stone Serita Stone Lee Storer Sara Storer Eustice Strachan Lisa Strahan Carolyn Strand Deborah Street John Street David Strong Samuel Strover Simon Strudwick Andrew Stubbs Paul Stubbs Jack Sturgeon Michael Sturman Derek Style
Julie Swain Steven Swain Sudhen Swami Karl Anthony Swan Nichola Swannack Brian Sweeney Emma Sweeting David Swift Mark Swift Theresa Swithenby Ahmed Syed Lisa Sykes Kim Syrett Henning Szabo Catherine Szedlak Richard Tagliabue Alpesh Tail
Aron Tavares Paul Tavares Ben Taverner Andrew Taylor Andrew Taylor Brian Taylor Carl Taylor Colin Taylor David Taylor David Taylor David Taylor David Taylor Derek Taylor Gavin Taylor Helen Taylor Jason Taylor Keith Taylor Kevin Taylor Leisa Taylor Peter Taylor Ralph Tayl
Renate Teubner Rajesh Thakrar Hervé Thamee Roger Thelwell Bruno Thetiot Eric Thevenot Jacques Thibault Roland Thiemann Katia Thille François Thirouard Amanda Thomas David Thomas David Jeffrey Thomas Gareth Thomas Gregory Thomas Ian Thomas Lucy Thoma
Nicholas Thompson Paul Thompson Bryan Thomson Kirstine Thomson Lorraine Thomson Paul Thomson Peter Thomson Steven Thomson Joanna Thorpe Rebecca Thurlby Brian Thurlow Lee Thurlow Sarah Thurman Julian Thurston Colin Thwaites Melanie Tibbett Martin Tibb
Andrew Tonks Lee Toogood Richard Toone Lee Toplass Louise Tora Pino Torina Nathalie Tossin Karine Tournou Andrew Towler Ian Town Martin Townsend Stuart Townsend Christopher John Townsley Minh-Phu Tran Vi Luan François Tran Jeremy Travers Melanie Trea
Edward Michael Tuckwell Alan Tuckwood Johnathan Tully Thein Tun Ikhlaq Turabee Ian Turgoose Turnbull Kate Turner Michael Turner Michael Turner Nigel Turner Refiya Turner Robert Turner Tina Turner Walter Turner Marie-Daniella Turpin Richard Twigg Amanda Tye
Bradley Vanner Robert Varcoe Vim Vardin Stefan Vardopoulos Francis Varesano Philip Varney Raj Varsani Chandan Varu Robert Vasey Thierry Vasseur Daniel Vast Emma Vaughan Samantha Vaughan Ivan Veall Phillip Veitch Roderick Veitch Manish Veja Mansukh Vekar
Stuart Vinall Jacqueline Vincent Régis Vincent Stephen Viner Katy Vines Sophie Virfolet Robert Virgin Jean-Olivier Vissiere-Guerinet Jean-François Vitton Minh Hong Vo Hans-Rüdiger Vogel Matthias Voglmaier Peter Voigt Kai Völkl Sylvia Vollmer Martin Vondran Nita Voral
Alison Walker Andy Walker Anna-Marie Walker Carl Walker Carys Walker David Walker Mark Walker Mark Walker Nicholas Walker Peter Walker Peter Walker Peter Walker Serena Walker Susan Walker Andrew Wall Richard Wall Ann-Marie Wallace Dale Walla
Anthony Ward Hilary Ward Liam Ward Matthew Ward Nicholas Ward Patricia Ward Robert Ward Terry Ward Donna Wardak Darren Waring Richard Waring Claire Warman Jason Warren Jeremy Warren Louise Warren Samantha Warren Chris Warwick Mark Waterfa
Christopher Webb Kevin Webb Michael Webb Sally Webb Stephen Webb Timothy Webb Martin Webster Jürgen Weder Andrew Weedon Charlotte Weedon Christopher Weedon Steven Weeks Monika Weigel Karen Weiner Jens Weinstein Mark Weir Jason Welc
Paul Westwick David Westwood Nicola Wetherall Alastair Wethers Michel Wethli Christian Weytens Robert Whatley Christopher Wheadon David Edward Wheadon Simon Wheadon Paul Wheatcroft David Wheater Ann Wheeler Caroline Wheeler John Wheel
Laura Whitehouse Stephen Whitehouse Ian Whiteley Ian Whiteside Keith Whittall Richard Whittington Elizabeth Whyley David Wicken Timothy Douglas Wickenden Gilles Wielgosz Christopher Wienrich Graham Wiffen Dennis Wiggins Graham Wiggins Daniel Wigle
Carol Williams Danny Williams David Williams Hannah Williams John Williams Mark Williams Mark Williams Mark Williams Mark Williams Michael Williams Neil Williams Philip Williams Richard Williams Shirley Ann Williams Stephen Williams Stephen William
Christopher Willoughby Johnathan Willoughby Sarah Wilmot Adrian Wilson Darryl Wilson David Wilson David Wilson Hugh Wilson Irene Wilson Marianne Wilson Martin Wilson Martin Wilson Shaun Wilson Stephen Howard Wilson Elizabeth Wiltshire John Windebar
Kwok Wong Monica Wong Vincent Woo Charlotte Wood Emma Wood Lewis Wood Jeffrey Woodage Katherine Woodard Julian Woodland George Woodley Julia Woodman Joanne Woodrofe Daniel Woods Ashley Woodward Anthony Wooldridge Miles Woolf Amanda Woolla
Thomas Wright Colin Wyatt Timothy Wyeth Ian Wynn Robert Wynter Philippe Yaba Latif Yahya Martine Yamani Ricky Yap Peter Yardley Sandra Yardley Debbie Yates Georgina Yates Pauline Yearwood Yanie Yiangu Turgay Yildiz Philippe You Benedict Young Jayne Your

Computacenter specialises in the provision of distributed information technology and related services to large corporate and public sector organisations. The Group has operations in the UK, France and Germany.

Computacenter's services address all stages of the technology life-cycle, from the planning and requisition of appropriate technology, through its implementation within an organisation's existing infrastructure, to its subsequent support and management.

Computacenter aims to be the preferred partner of organisations seeking to implement and support distributed IT.

Front cover image Alison Edwards (right), Computacenter's on-site Moves and Changes Team Leader, discusses the day's schedule with colleagues at Scottish and Southern Energy plc, Havant. 1 Mina Tanna, Computacenter Account Manager (standing) and Nicola Brown, Sales Support, at our London offices.

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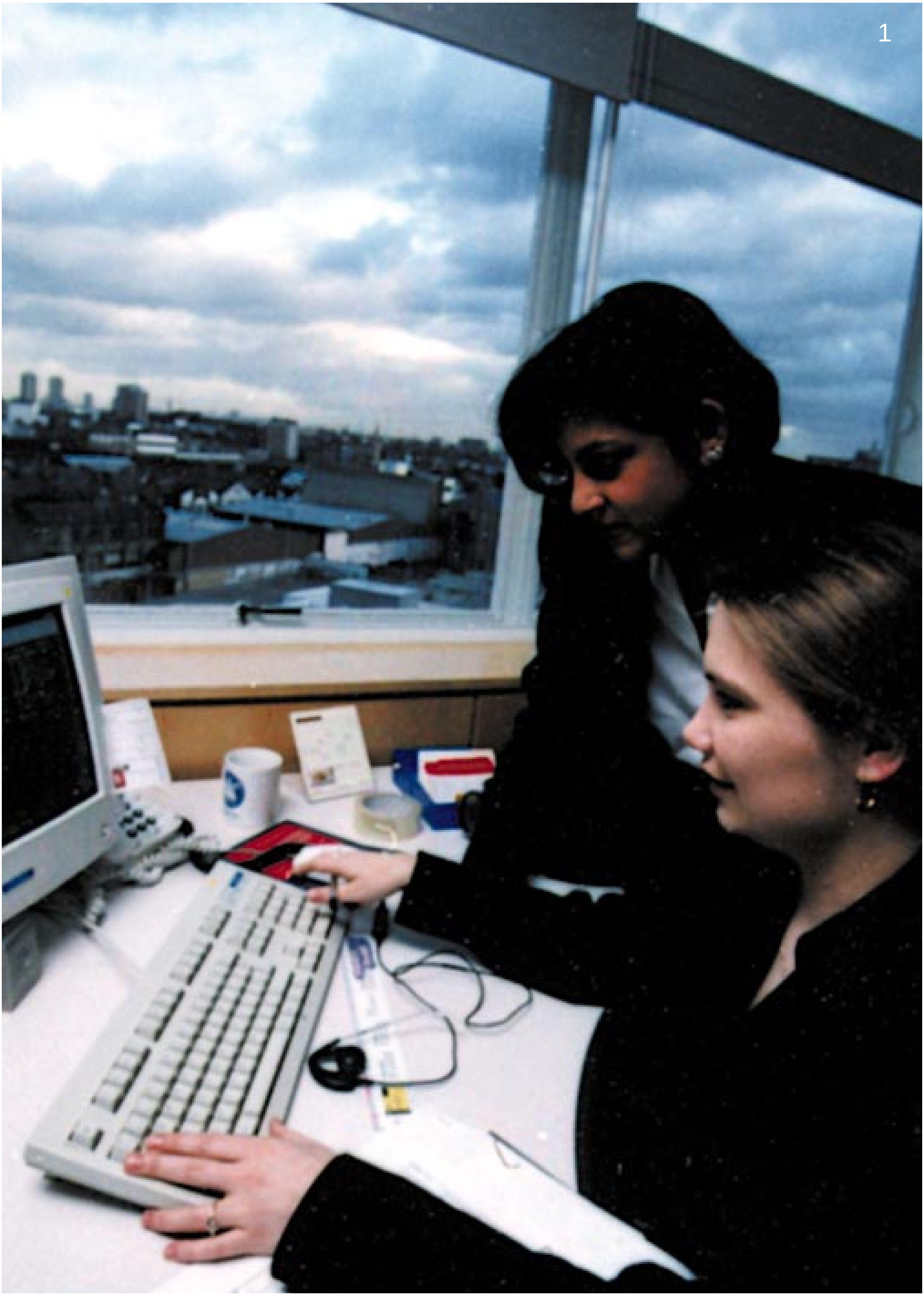
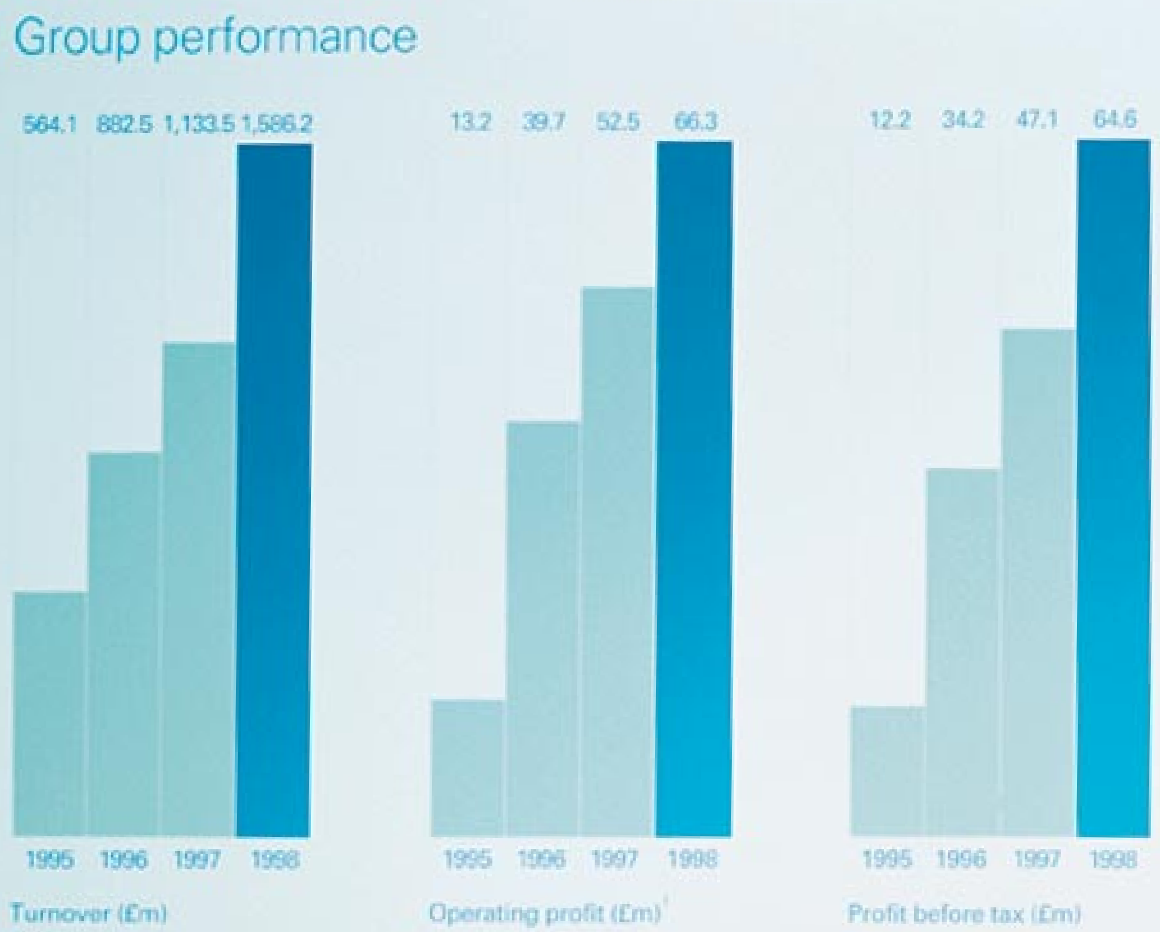




Highlights

Computacenter continued its unbroken record of growth in turnover and profit before tax in the UK.

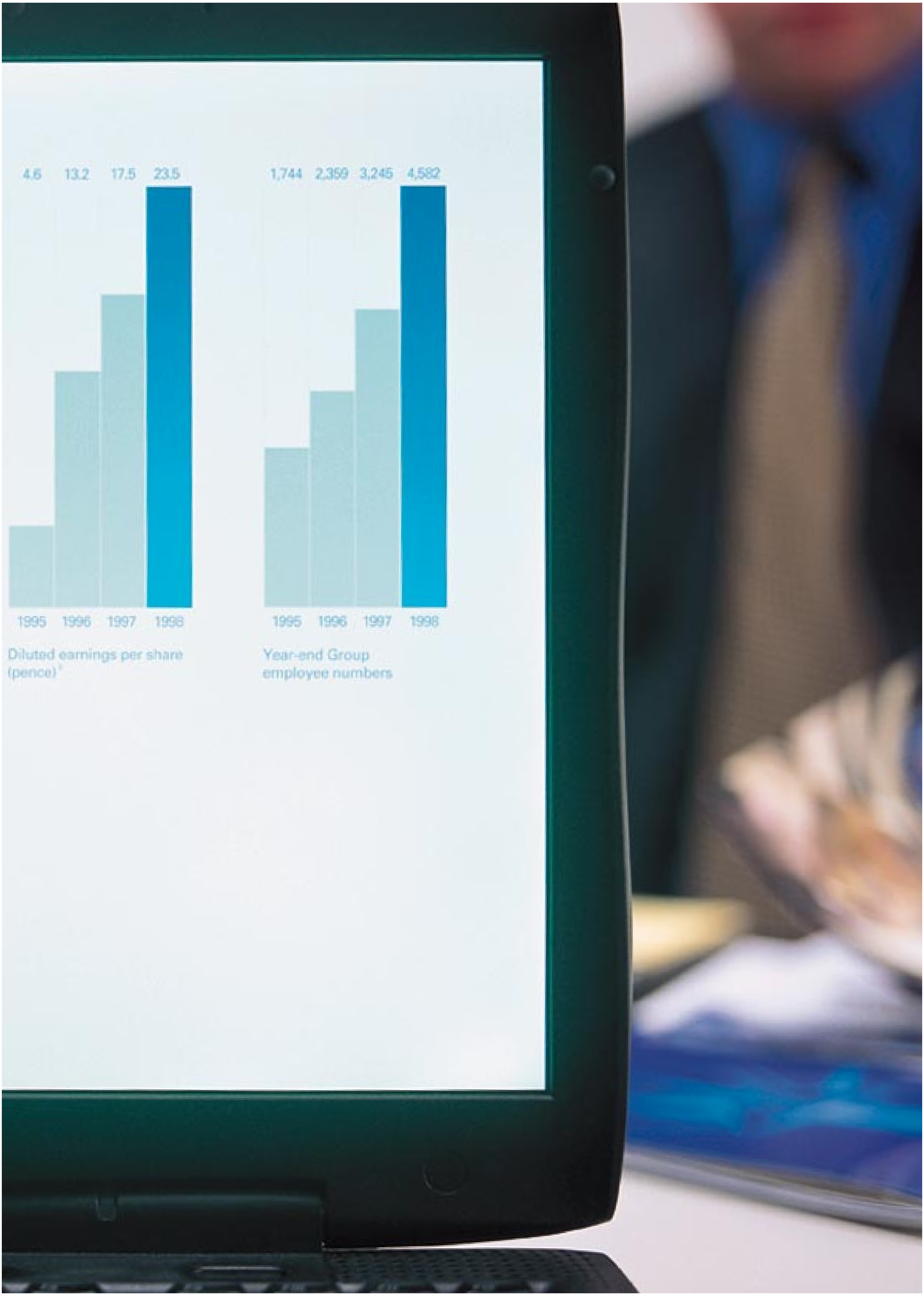
Growth was well above expectations in France and Germany.

Turnover increased by 39.9% from £1,133.5 million in 1997 to £1,586.2 million (€2247.4 million*) in 1998.

Profit before tax rose by 37.2% from £47.1 million to £64.6 million (€91.5 million*).

Diluted earnings per share increased by 34.3% from 17.5p in 1997 to 23.5p (33.3 cents*) in 1998.

* All Euro values were calculated using the exchange rate as at 31 December, 1998
[1] Excluding results of overseas associated undertakings
[2] Amended in accordance with FRS redefinition



4.6
13.2
17.5
23.5
1995
1996
1997
1998
Diluted earnings per share (pence)
1,744
2,359
3,245
4,582
1995
1996
1997
1998
Year-end Group employee numbers

2 Philip Hulme, Chairman, Computacenter plc.
3 Beverley Pryce, Help Desk Analyst, on-site at Mercury Asset Management in London.
4 Dominic Oakley, Technical Projects Consultant (left), and Mark Delicate, Senior Support Analyst, on-site at Bass Brewers, Burton-on-Trent.
5 (Following page) Tunde Akinade, Technical Training Consultant (centre), with delegates at Computacenter's London Training Centre.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Chairman's statement

I am delighted to be able to report another outstanding set of results for the Group for the year to 31 December 1998, our first as a quoted company. Both turnover and profits exceeded expectations and 1998 was Computacenter's sixteenth consecutive year of turnover and profits growth in the UK.

The high rate of sales growth reported in the first half accelerated in the second half and turnover for the full year, at £1,586 million, was up by 39.9% compared to 1997. Profit before tax, at £64.6 million was up by more than 37%.

The balance sheet remains very strong and the Group ended the year with a net funds position of £21.1 million compared to net debt at the end of 1997 of £32.7 million.

The growth of the Group in 1998 was significantly in excess of market growth. This was the result of our continued focus on expanding the range of services offered to our existing customers, new account wins and the outstanding performance of our overseas operations. The Directors believe the results confirm that the Group has further consolidated its position as the preferred partner for organisations seeking to implement and support distributed IT.

As anticipated at the time of Computacenter's flotation, we have taken advantage of our financial strength to increase the level of investment in each of our three country subsidiaries. Headcount in the UK increased by over a third from 2,843 to 3,810 staff. Office space was expanded in a number of areas and the investment in the Group's new operations centre, in Hatfield, continued apace. We also continued to develop our range of services and to invest in the tools and systems that enable us to deliver these services to the highest quality standards. For example, the Group has made a substantial investment in e-commerce. In 1998 over £284 million of customer orders were placed and processed electronically with corresponding benefits in increased efficiency and improved customer service. These and other investments, the majority of which are expensed, will help to secure the future growth of the Group.

The growth of our businesses in France and Germany was well ahead of expectations. Turnover in France grew by over 70% to £165.8 million and operating profit by 34% to £2.7 million. Headcount increased by 84% to 549. New offices were opened in Nice, Rouen and Pau and the Company signed a lease for new logistics and headquarters premises in Paris, which will substantially increase the size of our central operations facility during 1999. The Group also continued to add to the range of services offered in France. As expected the very high rate of growth and investment depressed net margins slightly.

The growth in Germany was even greater, with the business increasing its contribution to Group turnover from £3.7 million in 1997 to £37.1 million in 1998, its first full year of trading as part of the Group. Headcount doubled during the year to 223 staff. The operating loss for the year was lower

than forecast at £1.4 million. Management is extremely satisfied with the progress of both France and Germany and believes that the investments being made will secure future growth.

In my interim statement, I commented that it was difficult to forecast the net impact on the Group of Y2000. Some clients have brought projects forward as a result of the millennium but, similarly, many projects have been temporarily deferred. In the opinion of management, the net impact of Y2000 on overall Group sales in 1998 was small. Y2000 compliance upgrades to Computacenter's internal systems are largely completed with the remaining upgrades on track for completion during 1999.

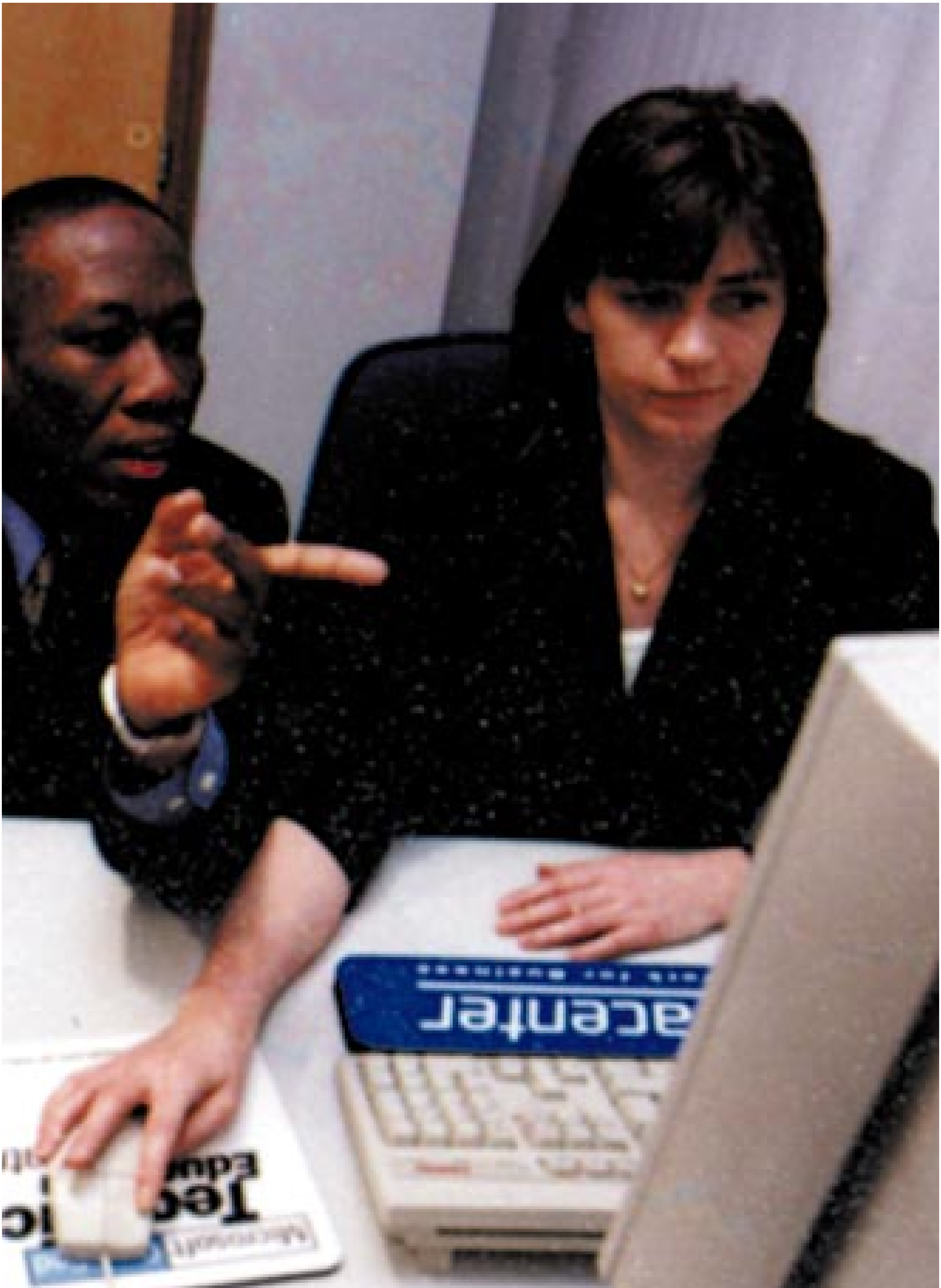
Computacenter's flotation, which took place on 21 May, was extremely well received. Since then the Group's share price has fluctuated widely in common with other companies in the sector. I would like to take this opportunity to emphasise that, in the opinion of management, the prospects for the Group for 1999 and beyond remain strong. In fact, our confidence has been further strengthened by the achievements of 1998. The rate of investment in the business continues at a high level and management will continue to focus on the long-term development of the Group.

In January 1999, one of our longest standing venture capital investors, Apax, disposed of all of its remaining beneficial holdings in Computacenter, in excess of 14 million shares. The shares were placed with a number of large financial institutions. This placing has significantly increased the free-float, which now stands at over 44%, and has had a positive effect on market sentiment.

Computacenter remains, above all, a people business. Our success depends on the quality of our service, which in turn depends on the quality, motivation and teamwork of our staff. It is a tribute to their efforts that we have again achieved outstanding results. At the time of the flotation free shares were issued to all qualifying staff who were on our payroll as at 31 March 1998. The cost of these shares, £2.8 million, was expensed through the profit and loss account. By the end of 1998 over 60% of employees were shareholders and over half had elected to participate in the Group's new share save scheme. I would like to thank all of our staff once again for their commitment and enthusiasm, as well as their hard work. Management's task is to continue to earn the loyalty of staff, customers and shareholders alike.

Finally, consistent with the dividend policy set out in our flotation prospectus, I am pleased to recommend a final dividend of 2.5p per share, payable on 21 May 1999 to registered shareholders as of 30 April 1999.

Philip Hulme, Chairman



Chief Executive's review

During 1998 Computacenter continued to invest across all of its businesses, consolidating its position as the leading supplier of distributed IT and related services to the corporate and public sector marketplace. Computacenter provides a wide range of services covering the entire lifecycle of distributed IT, from planning and requisition of appropriate technology to its successful implementation within an organisation's infrastructure, through to its subsequent support and management.

In 1998 this strategy of investment resulted in an exceptional year's results. Group turnover grew 39.9%. Profit before tax increased from £47.1 million to £64.6 million and our after-tax earnings from £31.1 million to £43.4 million. Headcount increased by over a third from 3,245 at the end of 1997 to 4,582 at the end of 1998.

93% of our turnover came from the provision of products and services to corporate and public sector organisations. The remaining 7% was generated by our distribution business, Computacenter Distribution (CCD), which supplies hardware and a range of services to small and medium-sized computer resellers.

Although international sales grew faster than UK sales in 1998, the greater part of revenues came from our UK business. Of the total Group turnover of £1.6 billion, £1.4 billion, or 87%, was generated by our UK businesses, the remaining 13% coming from sales in France and Germany.

This outstanding year has allowed us to further increase the level of investment in our business to secure long-term growth. With the exception of capital used in developing our new Hatfield operations centre, the majority of this investment has been expensed through the profit and loss account.

Market growth

Despite a partial slow-down in the UK economy, demand for IT systems and services remained strong in 1998. A major focus of our customers for the year was IT investment to ensure Y2000 compliance of mainframe and associated business systems. As compliance projects end, we anticipate increased customer focus on distributed IT investment as organisations concentrate on its deployment for competitive advantage. The Euro, the growth of e-commerce applications and the approach of Microsoft's Windows 2000 operating system will all be increasingly important growth drivers for our business over the coming year.

The continuing decline in PC hardware prices is also a major positive factor driving industry growth rates, enabling our customers to increase their level of investment in new technology. Falling capital costs and advancing technology continually open up new opportunities for organisations to use IT to derive competitive advantage.

6 Mike Norris, Chief Executive, Computacenter plc. 7 Amanda Money, Support Manager, at Computacenter's CallCenter, Milton Keynes. 8 Steve Ballmer, President, Microsoft Corporation, announces the Microsoft and Computacenter Alliance for Distributed Computing in London, October 1998. 9 On-Trac, Computacenter's electronic commerce system.

Building customer value

Much of Computacenter's growth in 1998 was due to expanding relationships with existing long-term corporate customers. In particular, this was reflected in the demand for our support services, where our contract base grew at a faster rate than the Company as a whole.

The support and management of distributed technology remains a constant challenge for many large organisations. Our customers have seen how, by the migration of best practice across our customer sites, we can deliver superior service at reduced cost.

During 1998, we have taken further strides in increasing our support and management capability through the centralisation of support services and the deployment of enhanced technology. Our Milton Keynes based CallCenter now handles our customers' Help Desk requirements either full-time, part-time or as an overflow capability. I am also pleased to report that some customers are now technically supported by our 24-hour remote network management facilities from our CallCenter. Our staff are able to remotely monitor distributed IT systems, warning the customer, or providing a resolution remotely, if a problem occurs. These have been major investment areas for Computacenter in 1998 which, we believe, are starting to build significant competitive advantage.

The growth in demand for technical consultancy has been one of the fastest areas of growth within the Group. The appointment of Computacenter as a Microsoft Alliance Partner in October has not only increased this demand, but will enable us to invest in employing up to one thousand additional Microsoft accredited professionals over the next three years to fulfil customers' requirements.

As the client-server platform becomes the preferred technology base for many line-of-business applications, the products we sell and support continue to increase in scale, complexity and strategic importance to organisations. As a result, customers are increasingly turning to Computacenter to become involved in major project work and we have seen a corresponding rise in demand for our project management capability.

Our On-Trac electronic commerce system continues to be a major investment area for the Group. Orders taken and processed via On-Trac exceeded £284 million during 1998, with over 400 of our customers currently using the system. On-Trac employs both Internet and Intranet technologies and is continually being enhanced in order to support the provision of all our services.

During 1998, not only did we increase the diversity of services sold to our growing customer base but the range of products also increased. 1998 saw particular emphasis

on Internet technologies, enterprise systems and enterprise networking. As well as becoming a Microsoft Alliance Partner, Computacenter became one of only a handful of Cisco partners accredited to gold status and also became an HP Unix System Partner.

The quality of service that we deliver to both new and existing customers is, without doubt, the overriding factor in the success of the business. In November we were delighted to receive an award for 'Quality of Product and Service' from BT, our largest customer. We were one of only four BT suppliers to receive such an award in 1998.

Winning new customers

Computacenter's primary focus is to build upon its existing long-term customer relationships. However Computacenter also grew its customer base in 1998. A significant percentage of new account wins during the year included on-site Support Services. New UK customers included the Post Office, the Automobile Association and Seeboard. We believe that Computacenter's ability to deliver value through its entire range of services, combined with our e-commerce capability, constitutes a significant competitive advantage.

Investing for growth

To support our increased market share and lay the foundations for future growth, Computacenter continues to re-invest in its people. Our biggest investment during 1998 was in training and recruitment, with overall Group headcount growing by over a third during the year. We also invested in new premises and facilities. New offices were opened in London and in Hatfield to accommodate the rapid expansion of our sales and support operations. To accommodate the significant growth in Computacenter's enterprise systems business, we also opened a dedicated facility in Blackfriars, London, providing a testing resource for customer systems.

I have already made reference to Computacenter's high level of investment in best practices and in systems that enable us to deliver our services cost-effectively and to the highest quality standards. We believe that the economies of scale we enjoy in such developments are a significant source of competitive advantage.

A major current development is the construction of our new, £70 million, 20 acre operations centre in Hatfield, Hertfordshire. This project remains on schedule, with our logistics facility due to open for pilot operations in Q3 1999, and the entire project planned for completion in 2000.

10 Sonja Ibrahim, Induction Training Co-ordinator, introduces new employees to Computacenter. 11 John Joslin (left), General Manager, Services and Operations, and Tom Silva, Hatfield Project Manager, on the site of Computacenter's new UK operations centre. 12 Horst Stange, Software Licensing Manager (left) and Dirk Speer, Sales Support, at Computacenter's Frankfurt office.

International

Computacenter continues to develop its international capability via its direct subsidiaries in France and Germany. As a whole, international operations increased as a percentage of group revenue from 9% in 1997 to 13% in 1998. The deployment of Computacenter's core operational systems and business practices, proven in our UK business, continue to yield competitive advantage in these markets.

Computacenter France

Computacenter France achieved an exceptional year, growing turnover by over 70% to £165.8 million. This was achieved through development of some significant accounts, including two of France's largest organisations: France Telecom and EDF.

Revenue growth was mirrored by headcount, almost doubling from 298 staff at the end of 1997 to 549 at the end of 1998. A large part of our recruitment was in service divisions, where growth exceeded the percentage for Computacenter France as a whole.

Due to the rapid expansion of the French company and our future growth plans, we have signed the lease on a new logistics and headquarters facility in Paris, which is approximately three times the size of our current premises. In addition, three new branches were opened in Nice, Rouen and Pau during 1998. Computacenter France's rapid expansion during 1998 and the investments we have made to accommodate future growth promise well for 1999 and beyond.

Computacenter Germany

Computacenter Germany, which was acquired in June 1997, increased its contribution to Group turnover from £3.7 million in 1997 to £37.1 million in 1998, its first full year of trading as part of the Group. During 1998, our biggest investment was in people, with headcount growing from 104 at the end of 1997 to 223 at the end of 1998. Significant new customer account wins include DVAG, Dresdner Bank Group, Hapag-Lloyd and Electrolux.

New offices were opened in Munich and Hamburg, and an additional sales office was opened in Bremen. In October we signed a lease on a new, larger, logistics facility in Frankfurt and have since opened offices in Hannover and Stuttgart. During 1999 we will continue to explore the possibility of opening additional offices and invest to win business and increase market share.

13 Simon Berry, Senior Customer Engineer, on-site at Yellow Pages' offices, Reading. 14 Pascal Borot, Roll-out Team Leader, with (left) Christophe Dekoster, Business Developer Engineer, at Computacenter's offices in Paris. 15 Huu Long Nguyen, Computacenter on-site engineer, at Banque CPR, Paris. 16 (Following page) Chris Clarke, Support Analyst, at Computacenter's Remote Management Centre, Milton Keynes.

ICG

The International Computer Group (ICG), of which Computacenter was a founding shareholder in 1989, remains our core delivery mechanism for products and services outside of the three European markets serviced directly by Computacenter. This international joint venture now covers 58 countries throughout the world.

Whilst our focus for 1999 clearly remains on investing for growth in our UK, French and German businesses, we will continue to evaluate other market opportunities as these arise.

Our people

1998 was a historic year for Computacenter, notable for financial performance as well as the flotation of the Company. However, it was the individual efforts of our staff – working alone or in teams – that made the difference. I would particularly like to congratulate all the winners of Computacenter's internal 'Champions of Quality' awards, many of which were awarded as a direct result of customer recommendations.

Computacenter's company-wide charity fund-raising also increased significantly in 1998. Our chosen charities, including Macmillan Cancer Relief, NSPCC and Children in Need, received over £350,000 as a result of the efforts of Computacenter staff.

Following the flotation of the Company in May, free shares were offered to all qualifying staff at that time. Since then we have also initiated an Inland Revenue approved share save scheme in which over half of our staff have elected to participate.

Computacenter remains, essentially, a people company. Long-term staff retention will always remain a critical success factor for Computacenter. It is the task of management to earn the loyalty of employees by providing a rewarding work environment, ongoing training programmes, exciting opportunities and attractive benefits. We are delighted with the progress we have made in 1998. I believe that the quality, commitment and enthusiasm of our staff bodes well for our continuing success.

Mike Norris, Chief Executive

Our services

Computacenter's business

Computacenter provides customers with a range of services covering all stages of the technology life cycle, from the planning and requisition of appropriate technology, through its implementation within an organisation's infrastructure, to its subsequent support and management.

Each service within the range is modular, allowing flexible choice of one, several or all of these services according to our customers' needs.

Through its services, Computacenter aims to help customers realise the value of IT, while managing costs, at all points across the technology lifecycle.

Planning

Computacenter works with customers to plan and integrate their distributed IT systems.

Our planning services include architecture design, multi-platform integration, project planning, workplace management, and leasing and financing.

Architecture design

In an industry where the right skills can be costly and hard to source, we give customers access to a depth of technical expertise to help them design, test and pilot their distributed IT infrastructures.

For example, specialist consultancy is provided in enterprise networking, electronic mail, groupware systems, Microsoft Windows and Unix, knowledge management and e-commerce.

Multi-platform integration

Today's distributed IT infrastructures typically include a range of different computing platforms from different suppliers. As a vendor-independent organisation, we are ideally placed to help our customers integrate their chosen technology with other new or exisiting systems.

Computacenter's technical consultants plan how IT components will integrate and run together in the operational environment. Technology evaluations and pilot migrations in a safe, off-site simulation of the live environment can then be run at our integration centres, allowing customers to evaluate performance.

Project planning

We ensure customers' business goals are achieved by delivering projects on time, on budget and to agreed specifications.

Underpinning our success in planning and managing projects is our unique project management methodology, PRIDE (PRojects In a Dynamic Environment). Based on PRINCE, the de-facto project management standard, PRIDE is designed to address the dynamic nature of projects in the IT industry.

Workplace management
Computacenter offers a wide range of services to help customers plan for technology change, optimise IT performance and maintain control across the enterprise. These include hardware and software audits, automated management tools, security reviews and Y2000 consultancy.

Leasing and financing
We can help customers introduce the latest technology without the burden of up-front capital investment by offering a range of tailored and flexible financing packages. For example, Portfolio Plus, our defined cost-per-seat offering, allows customers to receive one invoice per user per month for a portfolio of products and services, thereby reducing administration and overall costs.

Requisition

Computacenter offers its customers the fast and efficient provision of best-of-breed technology.

Our requisition services include product supply and delivery, electronic procurement and tracking, vendor management and portfolio management.

Product supply and delivery
Computacenter's throughput capacity, and considerable experience in procurement management, allow us to offer our customers a single source for all their distributed IT equipment.

We can often help customers lower procurement costs, improve hardware and software standardisation, and reduce time-to-desk.

Electronic procurement and tracking
We offer our customers 24-hour on-line access to Computacenter in a fully secure and customisable format. Our Internet and Intranet-enabled On-Trac e-commerce system gives them secure access to our computer network directly from the desktop.

On-Trac reduces both administration and human error, while streamlining the procurement process. The system can be tailored to each customer's requirement and gives IT managers an excellent tool for communicating and introducing hardware and software standards.

Vendor management
As a single point of contact for all purchasing, Computacenter's strong relationships with the leading suppliers of distributed IT hardware, software and peripherals help customers win superior purchasing terms and conditions. We also give them freedom from the resource overheads of day-to-day supplier management.

Portfolio management
By helping our customers define and implement hardware and software standards we can drive down the costs of IT ownership and support.

Services include portfolio selection, negotiation of prices and terms, product acquisition, transition to new technologies, invoice consolidation and management reporting.

Implementation

Computacenter configures, installs and integrates technology into customers' infrastructures. Implementation services include configuration, build management, systems engineering and project management.

Configuration

We offer a tailored off-site configuration service that aids standardisation and minimises time-to-desk. Computacenter's Automatic Configuration Engineer system (ACE) can pre-configure up to 1,200 systems at a time to our customers' specification, prior to testing and delivery.

Build management

To ensure the customer's hardware and software configuration remains effective in the face of technology change, Computacenter provides an ongoing build management service. This allows transition to new technology without sacrificing standard configurations.

Systems engineering

To help our customers make better use of their own resources, Computacenter provides on-site configuration and installation services. Our vendor-accredited customer engineers are dedicated to technically demanding implementations, such as e-mail systems, server migrations and groupware installations.

Project management

We ensure projects are delivered on time, to budget and to user specification. Computacenter manages an increasing number of projects, often over wide geographic areas, within technically demanding environments and to challenging time scales.

Support

Computacenter complements its customers' internal IT support structures with a range of support services.

These include hardware maintenance, telephone support, remote management, IT training and business continuity.

Hardware maintenance services

Since many of the systems Computacenter deploys are used for business critical applications, we offer a range of flexible, tailored services designed to lower support costs and minimise user downtime.

These include a swap-out service for mobile users, remote server management and on-site maintenance support. Same-day technical vetting of all support calls often means a problem can be fixed immediately without the need for an engineer or a spare part being sent to the site.

Telephone support

The growth of business critical applications using distributed IT has increased demand for rapid and professional technical support.

Our CallCenter offers multi-level problem management for a wide range of leading hardware and software technologies – 24 hours a day, seven days a week.

Remote management
Through our centralised management centre, our technicians can remotely monitor and support customers' systems via fault diagnosis and remote management tools. This service can include seamless escalation to on-site resources, including hardware maintenance and software support teams.

IT training
Training helps reduce support costs and improve overall return on IT investment. Computacenter trains over 40,000 delegates a year at customer sites and our 12 training centres.

To reflect the project-based nature of most training initiatives, Computacenter offers application training, technical training and certification training (leading to Microsoft and Novell Certified Engineer qualifications).

Business continuity
Computacenter can ensure that, in the event of a disaster, its customers' systems are quickly replaced and their business continuity assured.

Computacenter's Standby Systems Service leads customers through every stage of disaster recovery planning, helping them find the most appropriate solution to address their business risks.

Management

Computacenter can take ownership of on-site support tasks on our customers' behalf.

This allows them to retain overall responsibility for IT management while out-tasking repetitive but necessary jobs such as procurement, network management, moves and changes and the administration of software licensing. By passing on these tasks, our customers free their staff to concentrate on IT development in support of the business.

Our range of managed support services includes provision of on-site and remote help desks, software support, hardware maintenance, installations and upgrades, inventory control, software licence management and LAN & WAN administration and management.

Quality throughout the lifecycle
Computacenter is able to provide quality and depth of service across the entire product lifecycle because we understand our customers' distributed IT environments and because we have the necessary skills, scale and services.

Throughout the stages of planning, requisition, implementation, support and management we work as a virtual extension to our customers' in-house teams, helping them realise the value of IT while managing costs.

Finance Director's review

Turnover and profitability

In 1998, the Group continued its unbroken record of consistent growth in turnover and profit before tax. Pre tax profits increased to £64.6 million from £47.1 million, an increase of 37.2%, whilst profit after tax increased to £43.4 million from £31.1 million, a growth of 39.4%. Operating profit increased from £52.5 million to £66.3 million, a growth of 26.3%.

1998 saw a small decline in Group operating profit as a percentage of sales, from 4.6% in 1997 to 4.2% in 1998. This was due principally to the increase in the overseas element of the Group's activities and a charge to the Profit and Loss account of £2.8 million for free shares granted to staff at flotation in May. The 1998 UK operating profit percentage was 4.9% excluding this charge, unchanged from 1997.

In France there was a charge of £0.7 million included in the operating profit in respect of a provision for costs incurred for relocation of the business to a new head office and operations centre. Excluding this charge, the operating profit percentage in France was constant at 2.1% for 1997 and 1998. This reflects the level of investment made, through the Profit and Loss account, in recruitment, staff development and business growth.

The loss in Germany was lower than forecast, particularly in view of the investment in new branches, staff and associated infrastructure. The business continues to operate in accordance with expectations at this early stage.

Net interest charges

Net interest charges reduced from £5.2 million to £2.3 million. This was the result of lower interest rates and improved cash balances arising from the new capital raised at flotation and the strong operating cash flow in 1998.

During the year, £1.5 million of the Group's 10% bonds were redeemed at par, leaving a balance outstanding of £42.8 million. The Computacenter 10% bonds mature in the year 2002. Whilst the interest rate is high in comparison to current borrowing rates, the redemption cost arising from early settlement would offset any benefit arising from early repayment. Net interest cover improved to almost 29 from 10 in 1997.

Earnings per share and dividends

Basic earnings per share increased by 30.4% in 1998 and on a diluted basis increased by 34.3%. Whilst profit after tax increased by 39.4%, diluted earnings per share increased at a lower rate, mainly due to the issue of new shares on flotation.

Consistent with the dividend policy set out in our flotation prospectus, the board is pleased to announce a dividend of 10% of retained earnings equivalent to 2.5p per share, an increase of 25% over the notional dividend for 1997 of 2.0p per share. This will be payable on 21 May 1999 to registered shareholders as of 30 April 1999.

Cash flow and working capital

The main elements of Working Capital improved during the year as follows:

	December 98	December 97	Change
Stock days	32	44	12
Debtor days	45	48	3
Creditor days	49	59	10

Stock days improved substantially, as expected, due to our increased focus on reducing stock levels in partnership with the major PC manufacturers. These initiatives include implementation of channel assembly programmes, which enable the Group to enhance customer service levels whilst reducing stockholdings. Debtor days were reduced as a result of our emphasis on continuous improvement of credit collection and query resolution techniques. Creditor days fell, as expected, primarily due to a change in terms from a major vendor. Further significant reductions are not anticipated.

The result was that cash flow from operating activities was almost 100% of operating profits in 1998 compared to 81% in 1997.

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The net increase in fixed assets was £29.2 million. Of this, £24.8 million represented expenditure to date on the development of our new Hatfield operations centre. The balance, a net increase in other fixed assets of £4.4 million, was comprised mainly of computer equipment. It is not the Group's intention to own freehold property on a long-term basis. However, Computacenter will own its Hatfield development until completion and for a short period thereafter until further facilities requirements become clear. In the medium term the Group may complete a sale and leaseback on this project.

During the year the Group's net cash balances improved by £53.8 million from a net debt position of £32.7 to net funds of £21.1 million at the end of 1998. This was the result of the strong operating cash flow, the net increase in assets detailed above and the net cash proceeds of £50.1 million from the sale of shares mainly at flotation.

The Group's strong cash position will allow us to invest in developing our range of services and consider investment in appropriate acquisitions and market opportunities as these arise.

Taxation

The Group's effective tax rate for the year was 32.9% compared with 33.9% in 1997. The decrease was mainly due to the reduction of UK Corporation tax to 31% for the whole of 1998, however it also reflected a small balance of untaxed profit from overseas activities, which partly utilised accumulated tax losses, and a lower level of disallowable costs in the UK.

Assets employed

Consolidated shareholders' funds increased from £31.3 million to £120.8 million at the end of December 1998. This significant increase arises mainly from the net cash proceeds of £47.9 million from shares issued at the time of flotation and retained profits of £39 million.

Year 2000 compliance

The Y2000 problem concerns the inability of information systems, primarily computer software programs, to properly recognise and process date-sensitive information.

The Group has reviewed its internal IT systems for Y2000 compliance and initiated plans to achieve compliance. A substantial part of Y2000 compliance work on Computacenter's internal systems is largely completed with the remaining upgrades on track for completion during 1999. The cost of these upgrades has not been separately quantified and is expensed through the Profit and Loss account.

In addition, the Group supplies products and services to its customers that may be affected by the Y2000 problem. The Group is unable to give any direct assurance that products supplied are Y2000 compliant other than assurances given by manufacturers. Computacenter does not accept any liability for faults in the processing of dates and date-dependent data; customers should rely entirely on assurances given by manufacturers in this respect.

European monetary union

During the year, the Group has considered the impact to the business of the introduction of the Euro and we do not expect upgrade costs in the context of the Group to be significant. Internal systems for our French and German subsidiaries will be modified as required to meet business requirements.

Anthony Conophy

Anthony Conophy, Finance Director

19

17 Tony Conophy, Finance Director, Computacenter plc. 18 Melanie Wolpe, Quality Facilitator, takes visitors on a tour of Computacenter's Radlett site. 19 Nikolaus Gauer, Account Manager, and Tanja Fischer, Sales Support (foreground), at Computacenter's Frankfurt office.

Group Management and Directors

Executive Directors

20 Philip Hulme, Chairman (Aged 50)
Philip Hulme graduated from Imperial College London with a first class engineering degree. In 1971 he won a Harkness Fellowship and entered the MBA programme at Harvard Business School. On graduating he joined the Boston Consulting Group, for whom he worked in the United States, South Africa and the UK, rising to Vice President and Director in 1979. He was appointed to head the London office in 1980. In 1981 he founded Computacenter with Peter Ogden, and has worked for the Company on a full-time basis since then.

21 Mike Norris, Chief Executive (Aged 37)
Mike Norris graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter's top national account manager. Following appointments as Regional Manager for London operations in 1988 and General Manager of the Systems Division in 1992 with full national sales and marketing responsibilities, he became Chief Executive in December 1994 with responsibility for all day-to-day activities and reporting channels across Computacenter.

22 Tony Conophy, Finance Director (Aged 41)
Tony Conophy 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 group. 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.

Non-Executive Directors

23 Peter Ogden (Aged 51)
Peter Ogden founded Computacenter with Philip Hulme in 1981. He is Chairman of Computasoft, a director of Omnia Limited, and a non-executive director of Abbey National plc.

24 Roderick Richards (Aged 43)
Rod Richards has been a director of F&C Ventures since 1988, is a non-executive director of PSD Group PLC and has served on the boards of a number of private companies.

25 Adrian Beecroft (Aged 51)
Adrian Beecroft has been Chairman of Apax Partners & Co. Ventures Limited since 1990 and has served on the boards of a number of private and public companies.

Senior Management

Computacenter's operating committee is chaired by the Chief Executive, meets regularly and reports to the board. The members are Mike Norris, Philip Hulme, Tony Conophy and the following members of Computacenter's senior management team:

Richard Archer, General Manager, Sales, Banking Sector (Aged 39) Joined Computacenter in 1991.

Andy Chudzik, UK Sales Director (Aged 41) Joined Computacenter in 1988.

Mike Davies, General Manager, Technical Services (Aged 38) Joined Computacenter in 1992.

Mike Greatwood, General Manager, HR and People Development (Aged 33) Joined Computacenter in 1990.

Martin Hellawell, General Manager, Corporate Development, International (Aged 34) Joined ICG in 1990 and Computacenter in 1994.

John Joslin, General Manager, Services and Operations (Aged 34) Joined Computacenter in 1987.

Chris New, General Manager, Corporate Development, UK (Aged 40) Joined Computacenter in 1987.

Alan Pottinger, Company Secretary (Aged 41) Joined Computacenter in 1986.

Craig Routledge, General Manager, Support Services (Aged 41) Joined Computacenter in 1990.

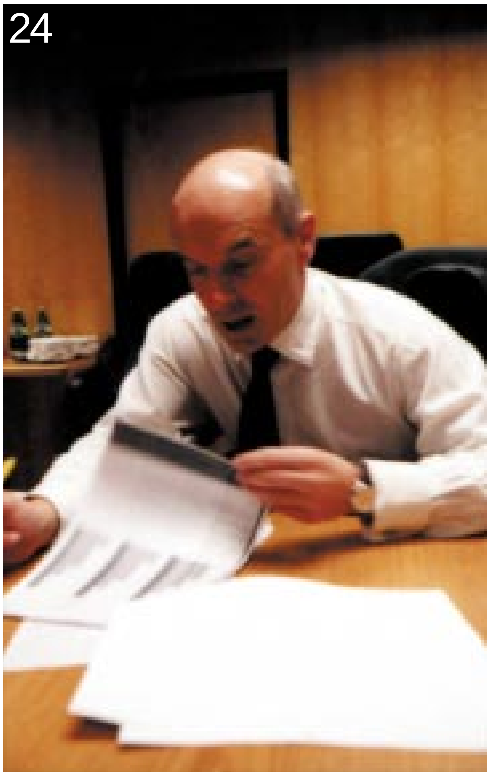
Advisers

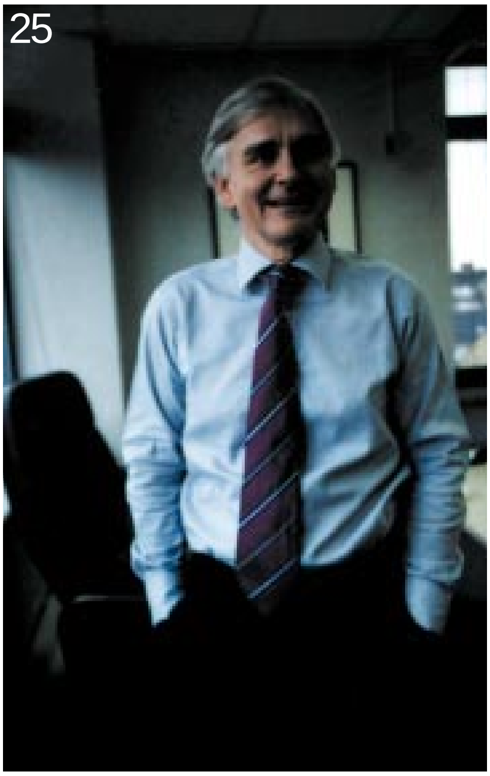
Secretary
Mr A J Pottinger FCIS

Auditors
Ernst & Young
Apex Plaza
Reading RG1 1YE

Registered office
Computacenter House
93-101 Blackfriars Road
London SE1 8HW

Registered number
3110569





Corporate governance statement

The Company is committed to high standards of Corporate Governance and undertook a review of its compliance with best practice at the time the Company was floated in May 1998. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the provisions set out in Section 1 of the Combined Code prepared by the committee on Corporate Governance.

Compliance with the Code of Best Practice

Prior to the listing on the London Stock Exchange in May 1998, the Company was neither required to be, nor was it, in full compliance with the Code of Best Practice. In preparation for the listing, a Remuneration Committee and an Audit Committee were formed on 23 April 1998. Since the date of the listing the Company has been fully compliant with the Code.

As guidance is not yet available for Directors on the wider aspects of internal control reporting relating to operational and compliance controls and risk management as required by provision D.2.1, the Board will review and report on the effectiveness of the Group's system of internal financial controls.

Board of Directors

The Board of Directors comprises three Executive Directors and three Non-Executive Directors, two of whom, Roderick Richards and Adrian Beecroft, are independent. The biographies appear on page 24. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of performance and strategy that have contributed to the success of the Group. The Board is responsible for overall Group strategy. A statement of the Directors' responsibilities in respect of the accounts is given on page 31.

There are at least six scheduled Board meetings during the year and other meetings are held as necessary. All Directors have access to the advice and services of the Company Secretary, A J Pottinger, who is responsible for ensuring Board procedures are followed and that the applicable rules and regulations are complied with. To enable the Board to discharge its duties, all Directors receive appropriate and timely information.

One-third of the Directors in office at the date of the AGM notice are required to retire by rotation. In accordance with the provisions of the Combined Code, each of the Directors will be subject to election by the shareholders at the forthcoming AGM, being the first opportunity for election after their appointment.

Certain Board duties are delegated to the committees of the Board, whose responsibilities and composition are set out below. All of the following committees were established on 23 April 1998 as part of the Company's review of its corporate governance procedures.

Adrian Beecroft has been nominated as the senior independent Non-Executive Director to whom shareholders' concerns can be conveyed.

Nomination Committee

The Nomination Committee comprises Philip Hulme as Chairman, Peter Ogden and Roderick Richards. The role of the Nomination Committee is to initiate the selection process for the appointment of Executive and Non-Executive Directors to the Board of the Company.

Remuneration Committee

The Remuneration Committee comprises Adrian Beecroft as Chairman and Roderick Richards. Peter Ogden is a non-voting special adviser to the committee. The committee is constituted under the terms of reference and procedures laid down by the Board, which are designed to enable the Company to comply with the requirements of the Combined Code on remuneration policy. The objective of the committee is to determine the Company's general policy on executive remuneration and to determine specific packages for Executive Directors. The committee will monitor and review the terms and conditions of the Executive Directors' service agreements, consider the details of the specific remuneration packages and consider the grant of share options under the Company's share option schemes.

Audit Committee

The Audit Committee comprises Roderick Richards as Chairman, Adrian Beecroft and Peter Ogden. The role of the committee is to review a wide range of matters including the annual and interim financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcements regarding financial information to be made public. The committee advises the Board on the appointment and remuneration of the external auditors and discusses the nature, scope and results of the audit with the external auditors. The Audit Committee keeps under review the cost effectiveness, independence and objectivity of the external auditors. In addition, the committee will review the controls over significant trading and credit risks.

Relations with shareholders

Communications with shareholders are given a high priority. There is a regular dialogue with major shareholders including presentations after the Company's interim and preliminary result announcements.

The Chairman of the Board will aim to ensure that the Chairmen of the Audit and Remuneration Committees are available at the AGM to answer the questions of private and institutional investors. Details of the resolutions to be proposed at the AGM on 12 May 1999 can be found in the Notice of Meeting provided with these accounts.

Internal financial control

The Directors are responsible for the Group's system of internal financial control. Any system of internal financial control can only provide reasonable and not absolute assurance against any material financial misstatement or loss. The key procedures that the Directors have established with a view to providing effective internal financial control are as follows:

Management structure

The Board has overall responsibility for the Group. All significant decisions of a strategic nature with financial implications for the Group are reserved for the Board. The Executive Directors together with a number of key executives constitute the operating committee that meets monthly to discuss day-to-day operational matters.

Budgetary process

Each year the Board approves the annual budget. Performance is monitored through a rigorous and detailed reporting system in which monthly results are compared against the annual budgets and relevant action taken throughout the year. The Finance Director presents the monthly results of the Group as a whole to the Board on a regular basis and explains variances from the budgets.

Quality and integrity of staff

Experienced and suitably qualified staff take responsibility for key business functions. Annual appraisal procedures are established that ensure standards of performance are maintained.

Centralised treasury function

All cash payments and receipts are managed by centralised accounting functions within each of the operating companies. Weekly reporting of cash balances to the Group Finance Department ensures the position of the Group as a whole is monitored.

Capital expenditure

Procedures exist and authority levels are documented to ensure that capital expenditure is properly appraised and authorised. Major investment projects are subject to authorisation by the Board.

Audit Committee

The Audit Committee monitors the controls that are in force, through a number of steps, including discussions with the external auditors. An internal audit department will be established during 1999 and the reports of the internal auditors, together with the reports of the external auditors, will be considered and appropriate action determined.

The Audit Committee was established in April 1998 and its members attend all regular Board meetings. Prior to the establishment of the Audit Committee, the Board reviewed the effectiveness of the system of internal financial control and no significant weaknesses were highlighted.

P W Hulme, Chairman

Report on Directors' remuneration

Composition

The Remuneration Committee, which was established in April 1998, is chaired by Adrian Beecroft and its other member is Roderick Richards. Peter Ogden is a non-voting special adviser to the Committee.

Remuneration of Executive Directors

The Committee's objective is to ensure that overall remuneration packages for Executive Directors are competitive and sufficient in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives.
The salary and benefits will be reviewed annually to ensure they are supportive of the Group's business objectives, taking into account information from comparable companies, where relevant. The components of the remuneration package are discussed below:

Basic salary and benefits

The basic salary for each Executive Director was set at the time of the flotation in May 1998. Benefits principally comprise a company car. The values shown for the benefits in kind in the table of Directors' emoluments below are the amounts assessable to income tax for each Director.

Annual performance bonus

Mr Norris and Mr Conophy have discretionary bonus schemes which are linked to the performance of the Group. For 1998, these bonuses were capped at £150,000 and £100,000 respectively.

Share options

The Executive Directors are eligible to be granted options under the Computacenter Performance Related Share Option Scheme. These options are subject to certain performance conditions, designed to produce significant and sustained improvements in the Company's underlying financial performance.

Pension

Mr Norris and Mr Conophy are entitled to a maximum annual pension contribution of £2,500 each under the arrangements of the Computacenter Pension Scheme, a defined contribution scheme which is available to all UK employees.

Fees

The fees for Non-Executive Directors are determined by the Board within the limits stipulated in the Articles of Association. The Non-Executive Directors are not involved in the determination of their own remuneration.

Directors' remuneration

The remuneration of the Directors in the year ended 31 December 1998 was as follows:

	Basic salary and fees £	Benefits in kind £	Performance related bonuses £	Pension contributions £	Total 1998 £	Total 1997 £
Executive Directors						
P W Hulme	251,282	21,457	–	–	272,739	561,151
M J Norris (appointed 30 March 1998)	225,000	10,826	112,500	1,875	350,201	–
F A Conophy (appointed 30 March 1998)	150,374	13,448	75,000	1,875	240,697	–
Non-Executive Directors						
P J Ogden(1)	86,513	800	–	–	87,313	568,940
P A B Beecroft(2)	24,247	–	–	–	24,247	15,000
R L Richards(3)	24,247	–	–	–	24,247	15,000
Total	761,663	46,531	187,500	3,750	999,444	1,160,091

(1) Executive Director up to 23 April 1998.
(2) Mr Beecroft's fees of £24,247 were paid to Apax Partners & Co Ventures Limited, his employer.
(3) Mr Richards's fees of £24,247 were paid to F&C Ventures, his employer.

Aggregate gains realised on the exercise of share options by Directors was £1,574,340. The amounts disclosed in respect of Mr Norris and Mr Conophy relate to the period since their appointment as Directors.

Interests in options

The Directors have been awarded options under the Computacenter Limited Executive Share Option Scheme, the Computacenter Services Group plc Approved Executive Share Option Scheme, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme and the Computacenter Sharesave Scheme. The number of share options outstanding is as follows:

	Exercise price	Exercise dates	At 1 January (or subsequent date of appointment)	Granted during the year	Exercised during the year (or since appointment)	At 31 December 1998
Executive Directors						
P W Hulme	25.00p	9/4/99 – 8/4/03(1)	1,600,000	–	–	1,600,000
M J Norris (appointed 30 March 1998)	14.02p	1/1/98 – 20/4/99(2)	240,000	–	(240,000)(3)	–
	25.00p	1/1/99 – 16/4/00(2)	500,000	–	–	500,000
	25.00p	1/1/99 – 10/5/01(2)	300,000	–	–	300,000
	25.00p	9/4/99 – 8/4/03(1)	400,000	–	–	400,000
	41.25p	9/4/99 – 8/4/06(4)	400,000	–	–	400,000
	160.00p	31/7/00 – 30/7/07(4)	250,000	–	–	250,000
	610.00p*	20/5/01 – 20/5/03(5)	–	49,180	–	49,180
	670.00p*	30/7/03(6)	–	2,574	–	2,574
M J Norris – total			2,090,000	51,754	(240,000)	1,901,754
F A Conophy (appointed 30 March 1998)	25.00p	1/1/99 – 23/4/02(2)	100,000	–	–	100,000
	25.00p	9/4/99 – 8/4/03(1)	400,000	–	–	400,000
	41.25p	9/4/99 – 8/4/06(4)	200,000	–	–	200,000
	160.00p	31/7/00 – 30/7/07(4)	150,000	–	–	150,000
	610.00p*	20/5/01– 20/5/03(5)	–	32,787	–	32,787
	670.00p*	30/7/03(6)	–	2,574	–	2,574
F A Conophy – total			850,000	35,361	–	885,361
Non-Executive Directors						
P J Ogden	25.00p	9/4/99 – 8/4/03(1)	1,600,000	–	–	1,600,000
P A B Beecroft	–	–	–	–	–	–
R L Richards	–	–	–	–	–	–

(1) Issued under the terms of the Computacenter Services Group plc Unapproved Executive Share Option Scheme.
(2) Issued under the terms of the Computacenter Limited Executive Share Option Scheme.
(3) M J Norris exercised 240,000 share options on 21 May 1998 and sold them for £6.70 each. No other Director made any gains on the exercise of options during the year.
(4) Issued under the terms of the Computacenter Services Group plc Approved Executive Share Option Scheme.
(5) Issued under the terms of the Computacenter Performance Related Share Option Scheme. The options, which were granted on 20 May 1998, are exercisable on the condition that the average annual compound growth in the Company's Earnings Per Share is at least equivalent to 20% during the three year period commencing 1 January 1998.
(6) Issued under the terms of the Computacenter Sharesave Scheme which is available to all employees and full time Executive Directors of the Group.

The market price of the shares at 31 December 1998 was £4.40, the highest and lowest trading prices during the year were £8.22 and £3.57 respectively. The options marked with an asterisk have an exercise price greater than the market price on 12 March 1999.

Service contracts and rotation

Each of the Directors is retiring in accordance with the provision of the Combined Code, which provides that all Directors should be subject to election by shareholders at the first opportunity after their appointment. Each of the Directors, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting have service contracts with notice periods, at the date of this report, of one year or more.

Directors' report

The Directors present their report and the audited accounts of the Group for the year ended 31 December 1998.

Principal activities
The Group's principal activities are the design, project management, implementation and support of integrated information technology systems.

Review of the business
On 24 April 1998 the Company changed its name to Computacenter plc.

A detailed review of the Group's activities, the development of its business and an indication of future developments is included in the Chairman's Statement, Chief Executive's Review and Finance Director's Review.

Results and dividends
The Group's activities resulted in a profit before tax of £64,603,000 (1997: £47,099,000). The Group profit for the year available to shareholders amounted to £43,294,000 (1997: £31,087,000). The Directors propose a dividend for the year of £4,302,000 (1997: £4,983,000).

Directors
The Directors who served during the year ended 31 December 1998 are listed on page 24.

Directors' interests

Interest in shares
The interests of the Directors in the share capital of the Company are set out below. The interests of the Directors in options to acquire ordinary shares are included in the Report on Directors' Remuneration.

	At 31 December 1998 Number of ordinary shares	At 1 January 1998 (or subsequent date of appointment) Number of ordinary shares
Executive Directors		
P W Hulme	42,062,724	47,573,475
M J Norris (appointed 30 March 1998)	1,196,944	1,198,144
F A Conophy (appointed 30 March 1998)	1,012,348	1,022,448
Non-Executive Directors		
P J Ogden	42,062,724	47,573,475
P A B Beecroft	149,783	149,783
R L Richards	7,500	–

There have been no movements in the Directors' shareholdings in the period since 31 December 1998 to the date of this report.

On 21 May 1998 Mr Hulme disposed of 5,510,751 shares held in a charitable trust. On 21 May 1998 Mr Norris disposed of 1,200 shares and Mr Conophy disposed of 10,100 shares.

Mr Ogden disposed of 400,000 shares in April 1998 and 5,110,751 shares in May, of which 3,500,000 were held in a charitable trust.

Major interests in shares
In addition to the interests of the Directors, which are disclosed above, at 12 March 1999 Foreign and Colonial Management Limited held 14,047,478 ordinary shares of 5p each (8.1% of the ordinary share capital) and Foreign and Colonial Trust plc held 8,376,489 ordinary shares of 5p each (4.8% of the ordinary share capital). No other person has notified an interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with Sections 198-208 of the Companies Act 1985.

Creditors payment policy
The parent company does not hold any trade creditor balances, however 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.

Going concern
After reviewing Group and Company cash balances and facilities, and based on past cash generation capacity, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Employee share schemes
The Group operates executive share option schemes for the benefit of employees. As at 31 December 1998, options under the schemes to purchase shares of the Company have been granted to certain employees in respect of 17,623,256 (1997: 25,021,824) ordinary shares of 5p each. 8,277,068 ordinary share options were exercised during the year.

In addition the Group has introduced a sharesave scheme for the benefit of employees. As at 31 December 1998 options under the schemes to purchase shares of the Company have been granted in respect of 2,478,272 ordinary shares.

Options were also granted to Executive Directors during the year in respect of 81,967 ordinary shares of 5p each under the terms of the Computacenter performance related share option scheme, which are subject to certain performance criteria as set out in the Report on Directors' Remuneration.

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

Equal opportunities
The Group is committed to equal opportunities. 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. To this end the Group has an Equal Opportunities Policy. This demonstrates the Group'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 Group has made charitable donations during the year amounting to £267,633 (1997: £98,809).

Statement of Directors' responsibilities in respect of the accounts
Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors confirm that the 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 Group 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 Group 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 reappointment will be submitted at the Annual General Meeting.

By order of the Board

A J Pottinger, Secretary
15 March 1999

Report of the auditors

To the members of Computacenter plc
We have audited the accounts on pages 33 to 48 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 37.

Respective responsibilities of Directors and Auditors
The Directors are responsible for preparing the annual report including, as described on page 31, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on page 26 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the Company's corporate governance procedures or the Group's internal controls.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
Reading
15 March 1999

Group profit and loss account

For the year ended 31 December 1998	Note	1998 £'000	1997 £'000
Turnover	2	1,586,238	1,133,523
Operating costs	3	(1,519,942)	(1,081,041)
Operating profit	4	66,296	52,482
Loss from interests in associated undertakings		(12)	(176)
Other income	6	4,945	1,429
Interest payable and similar charges	7	(6,626)	(6,636)
Profit on ordinary activities before taxation		64,603	47,099
Taxation	8	(21,232)	(15,990)
Profit on ordinary activities after taxation		43,371	31,109
Minority interests – equity		(77)	(22)
Profit attributable to members of the parent Company		43,294	31,087
Dividends – ordinary dividends on equity shares	9	(4,302)	(4,983)
Retained profit for the year		38,992	26,104
Earnings per share:			
– Basic	10	27.0p	20.7p
– Diluted		23.5p	17.5p

Group statement of total recognised gains and losses

For the year ended 31 December 1998	Note	1998 £'000	1997 £'000
Profit attributable to members of the parent Company for the financial year		43,294	31,087
Exchange difference on retranslation of net assets of associated and subsidiary undertakings		287	(339)
Total recognised gains for the year	21	43,581	30,748

Group balance sheet

At 31 December 1998	Note	1998 £'000	1997 £'000
Fixed assets			
Tangible assets	11	59,768	30,589
Investments	12	1,467	1,408
		61,235	31,997
Current assets			
Stocks	13	109,853	108,245
Debtors: gross		237,855	186,270
Less non returnable proceeds		(1,293)	(20,549)
	14	236,562	165,721
Cash at bank and in hand		63,601	13,829
		410,016	287,795
Creditors: amounts falling due within one year	15	(307,382)	(245,001)
Net current assets		102,634	42,794
Total assets less current liabilities		163,869	74,791
Creditors: amounts falling due after more than one year	16	(42,013)	(43,448)
Provision for liabilities and charges	19	(1,035)	–
Total assets less liabilities		120,821	31,343
Capital and reserves			
Called up share capital	20	8,678	7,876
Share premium account	21	49,850	537
Profit and loss account	21	62,144	22,865
Shareholders' funds – equity		120,672	31,278
Minority interests – equity		149	65
		120,821	31,343

Approved by the board on 15 March 1999

P W Hulme, Chairman
M J Norris, Chief Executive

Company balance sheet

At 31 December 1998	Note	1998 £'000	1997 £'000
Fixed assets			
Tangible assets	11	34,623	9,858
Investments	12	126,967	123,260
		161,590	133,118
Current assets			
Debtors	14	8,267	185
Cash at bank and in hand		447	248
		8,714	433
Creditors: amounts falling due within one year	15	(6,367)	(21,536)
Net current assets/(liabilities)		2,347	(21,103)
Total assets less current liabilities		163,937	112,015
Creditors: amounts falling due after more than one year	16	(47,661)	(47,446)
Provisions for liabilities and charges	19	(1,035)	–
Total assets less liabilities		115,241	64,569
Capital and reserves			
Called up share capital	20	8,678	7,876
Share premium account	21	49,850	537
Merger reserve	21	55,990	55,990
Profit and loss account	21	723	166
Shareholders' funds – equity		115,241	64,569

Approved by the board on 15 March 1999

P W Hulme, Chairman
M J Norris, Chief Executive

Group statement of cash flows

For the year ended 31 December 1998	Note	1998 £'000	1997 £'000
Cash inflow from operating activities	22	63,734	42,625
Returns on investments and servicing of finance	23	(2,084)	(4,748)
Taxation			
Corporation tax paid		(17,486)	(11,294)
Capital expenditure and financial investment	23	(40,179)	(20,787)
Acquisitions and disposals	23	(71)	(2,756)
Equity dividends paid		–	(4,983)
Cash inflow/(outflow) before financing		3,914	(1,943)
Financing			
Issue of shares	23	50,115	217
Decrease in debt	23	(4,257)	(2,312)
Increase/(decrease) in cash in the year		49,772	(4,038)

Reconciliation of net cash flow to movement in net debt

	Note	£'000
Net debt at 1 January 1997		(30,749)
Decrease in cash in the year		(4,038)
Cash outflow from repayment of debt and lease finance		2,312
Change in net debt resulting from cash flows		(1,726)
Non cash changes in debt		(214)
Net debt at 31 December 1997	24	(32,689)
Increase in cash in the year		49,772
Cash outflow from repayment of debt and lease finance		4,257
Change in net debt resulting from cash flows		54,029
Non cash changes in debt		(214)
Net funds at 31 December 1998	24	21,126

Notes to the accounts

1. Accounting policies

Basis of preparation
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation
These Group accounts consolidate the accounts of Computacenter plc and all of its subsidiary undertakings for the period drawn up to 31 December each year. No profit and loss account is presented for Computacenter plc as permitted by section 230 of the Companies Act 1985. The profit for the year for Computacenter plc was £4,859,000 (1997: £6,303,000).

Undertakings, other than subsidiary undertakings, in which the Group holds a participating interest and over which it exerts significant influence are treated as associated undertakings. The Group accounts include the appropriate share of these undertakings' results (from the date of acquisition) and net assets based on audited accounts of those undertakings for the year ended 31 December 1998.

Depreciation of tangible 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	50 years
Leasehold acquisition costs	period to expiry of lease
Structural improvements	shorter of 7 years and period to expiry of lease
Fixtures and fittings	shorter of 7 years and period to expiry of lease
Office machinery, computer hardware and software	2–4 years
Motor vehicles	3 years

Leases
Assets held under finance leases and hire purchase contracts that transfer substantially all the risks and rewards of ownership to the Group are treated as if they had been purchased and an amount equivalent to their fair value is included under tangible fixed assets. Depreciation is provided in accordance with the Group's normal depreciation policy. The capital element of the related rental obligations is included in creditors. Leasing and hire purchase payments are treated as consisting of capital and finance charge elements and the finance charge is included in interest payable in the profit and loss account.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Stocks
Stocks are valued at the lower of average cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Revenue recognition and deferred product revenue
Product revenue is recognised when receivable under a contract following delivery of the product. Maintenance revenue is recognised over the maintenance period on a straight line basis. The unrecognised maintenance revenue is included as deferred income in the balance sheet.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Goodwill
Goodwill arising on acquisitions prior to 31 December 1997 was written off against reserves in the period of acquisition. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Goodwill arising on acquisitions since 1 January 1998 will be capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years.

Pensions
The Group operates a defined contribution pension scheme available to all UK employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currencies

Company
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.

Group
Net assets of overseas subsidiary and associated undertakings are translated at the rate of exchange ruling at the balance sheet date. Profit and loss accounts of overseas subsidiaries are translated using average rates of exchange. Exchange differences arising from the retranslation of opening net assets and profit and loss accounts using year end rates of exchange are taken directly to reserves.

Capital instruments
Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying value.

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of VAT. The Group operates in one principal activity, that of the design, supply, project management and long term support of information technology systems.

An analysis of turnover by destination and origin, operating profit and net assets is given below:

	1998 £'000	1997 £'000
Turnover by destination		
UK	1,365,906	1,031,143
France	165,764	96,308
Germany	39,020	3,933
Rest of the World	15,548	2,139
	1,586,238	1,133,523

	1998 £'000	1997 £'000
Turnover by origin		
UK	1,383,357	1,033,820
France	165,773	96,039
Germany	37,108	3,664
	1,586,238	1,133,523

	1998 £'000	1997 £'000
Operating profit		
UK	64,929	51,111
France	2,747	2,054
Germany	(1,380)	(683)
	66,296	52,482

All turnover and operating profit relates to continuing operations.

	1998 £'000	1997 £'000
Net assets employed		
UK	94,276	62,050
France	10,706	3,378
Germany	(6,112)	(2,162)
Sub-total	98,870	63,266
Net assets of associated undertaking:		
– UK	66	7
– Rest of the World	759	759
Net assets employed	99,695	64,032
Net funds/(debt) (see note 24)	21,126	(32,689)
Net assets	120,821	31,343

3. Operating costs

	1998 £'000	1997 £'000
Increase in stocks of finished goods	(1,608)	(24,841)
Goods for resale and consumables	1,254,418	916,453
Staff costs (note 5)	153,619	104,403
Other operating charges	113,513	85,026
	1,519,942	1,081,041

4. Operating profit

	1998 £'000	1997 £'000
This is stated after charging:		
Auditors' remuneration – audit services – UK	102	98
– audit services – overseas	20	13
– non-audit services – UK	615	98
Depreciation of owned assets	10,492	7,907
Depreciation of assets held under finance leases and hire purchase contracts	199	483
Operating lease rentals:		
– Land and buildings	7,022	4,451
– Plant and machinery	5,572	3,348

5. Staff costs

	1998 £'000	1997 £'000
Wages and salaries	135,960	92,947
Social security costs	15,667	10,154
Other pension costs	1,992	1,302
	153,619	104,403

The average number of persons employed by the Group, including directors, during the year was as follows:

	Number of employees 1998	Number of employees 1997
Sales and sales support	813	574
Administration, technical and engineering	3,126	2,270
	3,939	2,844

Details of Directors' remuneration, pension entitlements and share options are disclosed in the Report on Directors' Remuneration on page 28.

6. Other income

	1998 £'000	1997 £'000
Bank interest	4,328	1,429
Exchange gain	617	–
	4,945	1,429

7. Interest payable and similar charges

	1998 £'000	1997 £'000
Bank loans and overdraft	236	714
Other loans	6,368	5,860
Finance charges payable under finance leases and hire purchase contracts	22	62
	6,626	6,636

8. Tax on profit on ordinary activites

The charge based on the profit for the year comprises:

	1998 £'000	1997 £'000
UK Corporation tax		
Current	20,197	16,189
Deferred tax	1,035	(199)
	21,232	15,990

9. Dividend

The Directors recommend the payment of a dividend of 2.5p per share (1997: 3.2p per share). Had the Directors implemented the dividend policy set out in the flotation prospectus by paying 10% of attributable profits, the total dividend in 1997 would have been £3,109,000. On the basis of the number of shares in issue at 31 December 1997 this would represent a notional dividend of 2.0p per share. The Computacenter ESOP trust has waived the dividends payable in respect of 1,475,170 (1997: 1475,170) ordinary shares that it owns which are not allocated to employees. Accordingly dividends payable have been reduced by £37,000.

10. Earnings per share

The calculation of earnings per ordinary share is based on profit attributable to members of the holding Company of £43,294,000 (1997: £31,087,000) and on 160,535,000 (1997: 150,454,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year after excluding the shares owned by the Computacenter Employee Share Trust.

The diluted earnings per share is based on the same earnings figure of £43,294,000 (1997: £31,087,000) and on 184,242,000 (1997: 177,279,000) ordinary shares, calculated as the basic weighted average number of ordinary shares, plus 23,707,000 (1997: 26,825,000) dilutive share options.

The figures for 1997 have been restated in accordance with FRS 14.

11. Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold property and improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
Group				
Cost				
At 1 January 1998	11,981	7,075	38,221	57,277
Exchange adjustments	–	–	220	220
Additions	24,776	1,355	14,486	40,617
Disposals	–	(205)	(3,846)	(4,051)
At 31 December 1998	36,757	8,225	49,081	94,063
Depreciation				
At 1 January 1998	183	4,431	22,074	26,688
Exchange adjustments	–	–	123	123
Charge for year	22	760	9,909	10,691
Disposals	–	(167)	(3,040)	(3,207)
At 31 December 1998	205	5,024	29,066	34,295
Net book amount				
at 31 December 1998	36,552	3,201	20,015	59,768
At 31 December 1997	11,798	2,644	16,147	30,589

Details included above of assets held under finance leases and hire purchase contracts:

	Fixtures, fittings equipment and vehicles 1998 £'000	Fixtures, fittings equipment and vehicles 1997 £'000
Group		
Cost	1,234	1,466
Accumulated depreciation	(1,026)	(1,052)
Net book amount	208	414
Depreciation charge for the year	199	483

11. Tangible fixed assets continued

	Freehold land and buildings £'000
Company	
Cost	
At 1 January 1998	9,858
Additions	24,765
At 31 December 1998	34,623
Net book amount	
At 31 December 1998	34,623
At 31 December 1997	9,858

The Company holds no assets under finance leases or hire purchase contracts.

12. Investments

	1998 £'000	1997 £'000
Group		
Associated undertakings (a)	825	766
Own Shares (b)	641	641
Other listed investments	1	1
	1,467	1,408

	Share of net tangible asset 1998 £'000
(a) Associated undertakings	
At 1 January 1998	766
Share of losses of associated undertakings	(12)
Additions	71
At 31 December 1998	825

The Group's share of post acquisition accumulated profits of associated undertakings at 31 December 1998 is £16,000 (1997: £28,000). The Group has received £1,637,000 (1997: £948,000) from the associated undertakings for the provision of administrative services and the reimbursement of costs incurred.

	1998 £'000
(b) Own shares	
Cost	
At 1 January 1998	2,242
Additions	2,781
Disposals	(2,972)
At 31 December 1998	2,051
Provided	
At 1 January 1998	1,601
Disposals	(191)
At 31 December 1998	1,410
Net book value	
At 31 December 1998	641
At 31 December 1997	641

12. Investments continued

Own shares comprise 5,096,170 (1997: 6,196,170) 5p ordinary shares purchased by a third party on behalf of the Computacenter Employee Share Ownership Plan ("the Plan"). All shares held by the trust are funded by a bank loan guaranteed by Computacenter (UK) Limited (see note 17). The market value of the investment in own shares at 31 December 1998 was £6,491,000.

Included in both additions and disposals of own shares is £2,781,000 representing the cost of shares purchased by a third party on behalf of the Group, which were gifted to employees at the time of the flotation. None of the 5p ordinary shares of the Company were awarded to the executives of Computacenter (UK) Limited under the Computacenter Limited Cash Bonus and Share Plan (1997: 930,000). Shares previously awarded are held on behalf of employees and former employees of Computacenter (UK) Limited and their dependants, excluding Jersey residents. The distribution of these shares is dependent upon the Trustee holding them on the employee's behalf for a restrictive period of three years.

All costs incurred by the Plan are settled directly by the Group and are charged in the accounts as incurred. The Plan has waived dividends payable in respect of 1,475,170 shares that it owns which are not allocated to employees. Any dividends received by the Plan in respect of shares allocated to the beneficiaries would be paid in full to them.

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Shares in associated undertakings £'000	Other listed investments £'000	Total £'000
Company					
Cost					
At 1 January 1998	118,157	6,958	4	1	125,120
Additions	–	6,666	71	–	6,737
At 31 December 1998	118,157	13,624	75	1	131,857
Amounts provided					
At 1 January 1998	(1,860)	–	–	–	(1,860)
During the year	–	(3,030)	–	–	(3,030)
At 31 December 1998	(1,860)	(3,030)	–	–	(4,890)
Net Book Value					
At 31 December 1998	116,297	10,594	75	1	126,967
At 31 December 1997	116,297	6,958	4	1	123,260

Details of the principal investments at 31 December 1998 in which the Group or the Company holds more than 20% of the nominal value of ordinary share capital are as follows:

	Country of registration	Nature of business	Proportion held
Subsidiary and associated undertakings			
Computacenter (UK) Limited (formerly Computacenter Limited)	England	Microcomputer systems	100%
Computacenter France SA	France	Microcomputer systems	98.3%
Computacenter GmbH	Germany	Microcomputer systems	75.8%
ICG International Computer Group BV	Netherlands	Non trading	64.3%*
ICG Services Limited	England	International sales and marketing of Microcomputer systems	37.5%

* includes indirect holdings of 32.4% via Computacenter (UK) Limited and 31.9% via Computacenter France SA.
The Company has not disclosed the details for undertakings which are dormant as disclosure would result in a statement of excessive length.

The Company has an option to acquire the remaining 24.2% of the nominal share capital of Computacenter GmbH under which additional cash consideration may be payable to the vendors of the acquired Company in 2000. These payments could range from £nil to £3.6 million and are contingent on the levels of turnover in the fiscal year 1999 and the cumulative earnings before interest and tax achieved in the period 1 January 1997 to 31 December 1999. No provision has been made in these accounts for any amount which may become payable. The Directors currently estimate that, at the rates of exchange ruling at 31 December 1998, the payment that may be made is approximately £550,000.

13. Stocks

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Goods held for resale	109,853	108,245	–	–

There is no material difference between the balance sheet value of stock and its replacement cost.

14. Debtors: due within one year

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Trade debts factored without recourse:				
– Gross debts	1,463	24,176	–	–
– Less non returnable proceeds	(1,293)	(20,549)	–	–
	170	3,627	–	–
Other trade debtors	229,712	154,550		
Amount owed by subsidiary undertaking	–	–	8,140	–
Amounts owed by associated undertakings	536	293	–	–
Other debtors, prepayments and accrued income	6,144	7,251	127	185
	236,562	165,721	8,267	185

Debts factored without recourse represent a proportion of the debts of the Group's French subsidiary which have been factored without recourse but where the Group has retained limited risks in the event of slow payment. The Group is not obliged to support any losses in respect of these debts, nor will it do so.

The provider of the finance has agreed in writing that it will seek repayment of the finance, as to both principal and interest only to the extent that sufficient funds are generated by the specific item it has funded and that it will not seek recourse in any other form.

15. Creditors: amounts falling due within one year

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Loans (see note 17)	1,500	1,500	1,500	1,500
Bank loans (see note 17)	–	1,894	–	–
Trade creditors	197,552	170,303	–	–
Obligations under finance leases and hire purchase contracts (see note 18)	175	227	–	–
Corporation tax	18,325	15,614	–	–
Other creditors including taxation and social security (a)	28,432	20,553	–	507
Amounts owed to subsidiary undertakings	–	–	–	19,529
Accruals	30,298	20,650	565	–
Deferred income on maintenance contracts	26,798	14,260	–	–
Dividend payable	4,302	–	4,302	–
	307,382	245,001	6,367	21,536

(a) Included within other creditors is £22,902,000 (1997: £17,918,000) in respect of taxation and social security balances.

16. Creditors: amounts falling due after more than one year

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Loans (see note 17)	40,799	42,725	40,474	41,759
Amounts owed to subsidiary undertakings	–	–	7,187	5,687
Obligations under finance leases and hire purchase contracts (see note 18)	–	172	–	–
Deferred income on maintenance contracts	1,214	551	–	–
	42,013	43,448	47,661	47,446

17. Loans

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Loans comprise amounts				
Wholly repayable within five years	43,138	47,173	50,000	50,000
Less: amounts owed to subsidiary undertakings	–	–	(7,187)	(5,687)
Less issue costs	(839)	(1,054)	(839)	(1,054)
	42,299	46,119	41,974	43,259
Less amounts due within one year	(1,500)	(3,394)	(1,500)	(1,500)
	40,799	42,725	40,474	41,759
Analysed as amounts due:				
– Within one year	1,500	3,394	1,500	1,500
– Between two and five years	41,638	43,779	48,500	48,500
	43,138	47,173	50,000	50,000
Less issue costs	(839)	(1,054)	(839)	(1,054)
	42,299	46,119	49,161	48,946

Group
The Group has guaranteed a bank loan of £326,000 (1997: £966,000) in respect of the Employee Share Option Plan.

Group and Company
Loans wholly repayable within five years include £50,000,000 bonds secured by a fixed charge over the Company's investment in the ordinary shares of Computacenter (UK) Limited. The bonds are listed on the Luxembourg Stock Exchange and are repayable in full on 24 November 2002. The rate of interest payable is 10%.

For the Group, the amount repayable is reduced by £7,187,000 for the par value of bonds purchased by Computacenter (UK) Limited since the issue of the bond.

During 1997 the Company entered into put and call options which may be exercised in each November until 2002 for the purchase of £1,500,000 of the bonds each year. Accordingly the bonds which may be repurchased in November 1999 are included in debt repayable within one year.

18. Obligations under leases and hire purchase contracts

	1998 £'000	1997 £'000
Group		
Amounts payable within one year	180	246
Amounts payable between two and five years	–	178
	180	424
Less: finance charges allocated to future periods	(5)	(25)
	175	399

19. Provisions for liabilities and charges

Deferred taxation
Deferred tax provided in the accounts is as follows:

	1998 Provided £'000	1997 Provided £'000
Group and Company		
Capital allowances in advance of depreciation	1,035	–
	1,035	–

There are no potential deferred tax liabilities that have not been provided for at 31 December 1998 (1997: nil).

20. Share capital

	1998 £'000	1997 £'000
Authorised		
Equity		
Ordinary shares of 5p each	25,000	25,000

	1998 No 000	1998 £'000	1997 No 000	1997 £'000
Allotted, called up and fully paid				
Equity				
Ordinary shares of 5p each	173,551	8,678	157,519	7,876

On 29 May 1998 the Company issued 7,755,016 ordinary shares for a consideration of £6.70 each, or £51,958,607 in aggregate, as part of a Global offering. The shares issued have a nominal value of £387,751. Expenses relating to the issue of £4,077,000 have been written off against the share premium account.

Options

Executive Share Option Scheme
Options were exercised in respect of 8,277,068 (1997: 1,298,064) 5p ordinary shares during the year at a nominal value of £413,853 (1997: £64,903) and at an aggregate premium of £1,818,706 (1997: £152,127). Under the executive share option schemes options remaining outstanding at the year end comprise:

Exercisable between	Exercise price	1998 Number outstanding	1997 Number outstanding
January 1998 – December 1998	14.02p	–	540,168
January 1998 – April 1999	14.02p	–	748,172
January 1999 – April 2000	25.00p	660,000	1,760,796
January 1999 – May 2001	25.00p	355,000	1,123,432
January 1999 – April 2002	25.00p	488,328	1,123,828
January 1999 – May 2003	28.75p	821,000	2,630,000
January 1999 – July 2004	32.50p	685,000	3,040,000
April 1999 – April 2003	25.00p	4,839,928	4,839,928
April 1999 – April 2006	41.25p	6,330,000	6,744,000
July 2000 – July 2007	160.00p	2,399,500	2,471,500
Mar 2001 – Mar 2008	300.00p	1,044,500	–
		17,623,256	25,021,824

During the year options in respect of 227,300 shares lapsed, 8,277,068 were exercised and 1,105,800 new options were granted.

20. Share capital continued

Computacenter Sharesave Scheme

During 1998 the Company has established the Computacenter Sharesave Scheme, which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. Under the scheme the following options have been granted and are outstanding as at 31 December 1998:

Date of Grant	Share price	Exercise date	Number
August 1998	£6.70	August 2001	38,964
August 1998	£6.70	August 2003	23,030
September 1998	£4.25	September 2001	1,265,931
September 1998	£4.25	September 2003	1,150,347
			2,478,272

Computacenter Performance Related Share Option Scheme

Under the Computacenter Performance Related Share Option scheme, options can be granted and those options will be subject to certain performance conditions, designed to produce significant and sustained improvements in the Company's underlying performance. During the year 81,967 options were granted and at 31 December 1998 these were outstanding as follows:

Exercisable between	Exercise price	1998 Number outstanding	1997 Number outstanding
May 2001 – May 2003	610.00p	81,967	–

21. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Group					
At 1 January 1997	7,811	385	–	(256)	7,940
Shares issued	65	152	–	–	217
Total recognised gains in the period	–	–	–	30,748	30,748
Equity dividends paid	–	–	–	(4,983)	(4,983)
Goodwill written off	–	–	–	(2,644)	(2,644)
At 31 December 1997	7,876	537	–	22,865	31,278
Shares issued	802	53,390	–	–	54,192
Costs of share issue	–	(4,077)	–	–	(4,077)
Total recognised gains in the year	–	–	–	43,581	43,581
Equity dividends proposed	–	–	–	(4,302)	(4,302)
At 31 December 1998	8,678	49,850	–	62,144	120,672

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Company					
At 1 January 1997	7,811	385	55,990	(1,154)	63,032
Shares issued	65	152	–	–	217
Total recognised gains in the period	–	–	–	6,303	6,303
Equity dividend paid	–	–	–	(4,983)	(4,983)
At 31 December 1997	7,876	537	55,990	166	64,569
Shares issued	802	53,390	–	–	54,192
Costs of share issue	–	(4,077)	–	–	(4,077)
Total recognised gains in the year	–	–	–	4,859	4,859
Equity dividends proposed	–	–	–	(4,302)	(4,302)
At 31 December 1998	8,678	49,850	55,990	723	115,241

The cumulative amount of goodwill resulting from acquisitions which has been written off directly to reserves is £81,620,000 (1997: £81,620,000). All shareholders' funds are attributable to equity interests in the Company.

22. Reconciliation of operating profit to operating cash flows

	1998 £'000	1997 £'000
Operating profit	66,296	52,482
Depreciation	10,691	8,390
Loss on disposal of fixed assets	407	228
Increase in debtors	(70,842)	(18,568)
Increase in stocks	(1,608)	(24,841)
Increase in creditors	57,976	25,302
Currency and other adjustments	814	(368)
Net cash inflow from operating activities	63,734	42,625

23. Analysis of gross cash flows

	1998 £'000	1997 £'000
Returns on investments and servicing of finance		
Interest received	4,328	1,429
Interest paid	(6,390)	(6,115)
Interest element of finance lease rental payments	(22)	(62)
Net cash outflow for returns on investments and servicing of finance	(2,084)	(4,748)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(40,616)	(21,180)
Receipts from sales of tangible fixed assets	437	393
Net cash outflow for capital expenditure and financial investment	(40,179)	(20,787)

	1998 £'000	1997 £'000
Acquisitions and disposals		
Payment to acquire interest in subsidiary undertakings	–	(1,400)
Net overdraft/cash acquired with subsidiary undertaking	–	(1,351)
Payment to acquire interest in associated undertaking	(71)	(4)
Payment to acquire other investments	–	(1)
Net cash outflow for acquisitions and disposals	(71)	(2,756)
Financing		
Issue of ordinary share capital	50,115	217
Repayment of term bank loans	(2,533)	(1,934)
Net repayment of capital element of finance leases	(224)	(434)
New loans	–	56
Less bonds repurchased	(1,500)	–
Net cash inflow/(outflow) from financing	45,858	(2,095)

24. Analysis of changes in debt

	At 1 January 1998 £'000	Cash flows in year £'000	Other non-cash changes £'000	At 31 December 1998 £'000
Cash at bank and in hand	13,829	49,772	–	63,601
Debt due within one year	(3,394)	3,394	(1,500)	(1,500)
Debt due after one year	(42,725)	639	1,286	(40,800)
Finance leases	(399)	224	–	(175)
Total	(32,689)	54,029	(214)	21,126

25. Other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	1998 Land buildings £'000	1998 Other £'000	1997 Land buildings £'000	1997 Other £'000
Group				
Operating leases which expire:				
Within one year	822	1,291	164	935
Between two and five years	3,141	2,662	1,267	5,157
Over five years	4,137	20	3,127	211
	8,100	3,973	4,558	6,303

26. Capital commitments

At 31 December 1998 future Group capital expenditure contracted for, but not provided for, amounted to £28,752,000 (1997: £315,000). This commitment is in respect of the Group's new logistics facility in Hatfield.

27. Contingent liabilities

The Group has given a VAT deferred import duty guarantee of £50,000 (1997: £50,000).

Computacenter (UK) Limited has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding FFR10,000,000 (1997: FFR10,000,000).

28. Related party transactions

Group

Computasoft Limited, a related party, provides the Computacenter customer system used by approximately 300 major customers. An annual fee has been agreed on a commercial basis for the use of the software for each installation. Total fees paid in the year amounted to £1,114,726 (1997: £1,279,134). Both P J Ogden and P W Hulme are Directors of and have a material interest in Computasoft Limited.

In addition, the Group supplied goods to Computasoft in the normal course of business totalling £461,000 (1997: £547,000). At 31 December 1998 Computasoft owed the Group £50,000 (1997: £74,000 owed by the Group).

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