

# ENABLING USERS IN A DIGITAL WORLD

Annual Report and Accounts 2015



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- 1 Adjusted revenue, adjusted Services revenue, adjusted Professional Services revenue, adjusted Supply Chain revenue, and adjusted administrative expenses excludes the revenue and administrative expenses from a disposed subsidiary, R.D. Trading Ltd (RDC), for both the current year and the comparative reporting year. RDC was sold on 2 February 2015. Adjusted operating profit or loss, adjusted profit or loss before tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the segment or the Group as a whole. Each of these measures also excludes the results of RDC for both the current and comparative periods. Additionally, adjusted operating profit or loss includes the interest paid on customer-specific financing (CSF) which Management considers to be a cost of sale. A reconciliation between key adjusted and statutory measures is provided on page 40 of the Group Finance Director's review. Further detail is provided within note 3 to the Financial Statements.
- 2 We evaluate the long-term performance and trends within our strategic key performance indicators (KPIs) on a constant currency basis. Further, the performance of the Group and its overseas segments are shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-year local currency financial results using the current year average exchange rates and comparing these recalculated amounts to our current year results or by presenting the results in the equivalent local currency amounts. Excluding our KPIs, where the performance of the Group, or its overseas segments, are presented in constant currency, the equivalent prior-year measure is also presented in actual currency using the exchange rates prevailing at the time.
- 3 The comparative dividend (pence per share) figure provided for 2014 has not been adjusted for the share capital consolidation that took place on 20 February 2015. The figures, as adjusted for the share capital consolidation, are provided within the section entitled 'dividend' on page 31 of this Annual Report and Accounts.
- 4 Net funds includes cash and cash equivalents, CSF, other short or other long-term borrowings and current asset investments. A breakdown is provided within note 29 to the Financial Statements.

# OUR AMBITION IS TO BE EUROPE'S PREFERRED IT PROVIDER TO ENABLE USERS AND THEIR BUSINESS IN A DIGITAL WORLD.

Adjusted revenue<sup>1</sup> (£m)

**3,054.2**

-0.3%

Statutory revenue (£m)

**3,057.6**

-1.6%

Dividend per share<sup>3</sup> (pence)

**21.4**

+12.6%

Adjusted profit before tax<sup>1</sup> (£m)

**86.9**

+7.2%

Statutory profit before tax (£m)

**126.8**

+66.0%

Adjusted diluted earnings per share<sup>1</sup>  
(pence)

**53.4**

+21.1%

Statutory diluted earnings per share  
(pence)

**82.1**

+105.3%

# OUR BUSINESS

Three complementary entry points for our customers and a balanced portfolio for Computacenter to achieve long-term growth.



## CONSULT & CHANGE

Delivering a set of predictable, proven solutions that optimise customers' technology, enabling effective change and achievement of business goals.

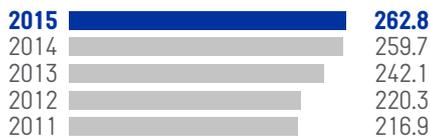
### Revenue characteristics

Dependent on forward order book.

### Professional Services revenue (£m)

**262.8**

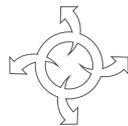
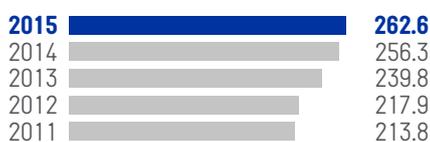
+1.2%



### Adjusted Professional Services revenue<sup>1</sup> (£m)

**262.6**

+2.5%



## SOURCE & DEPLOY

Determining and providing appropriate products and commercials to address customers' technology requirements, providing a complete service and support throughout the lifecycle.

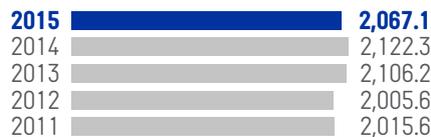
### Revenue characteristics

Large contracts, low margins and low visibility.

### Supply Chain revenue (£m)

**2,067.1**

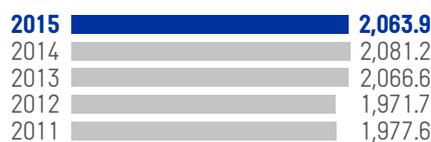
-2.6%



### Adjusted Supply Chain revenue<sup>1</sup> (£m)

**2,063.9**

-0.8%



## MANAGE & TRANSFORM

Providing maintenance, support, transformation and management of customers' IT infrastructures and operations improving quality and flexibility of service, while significantly reducing costs.

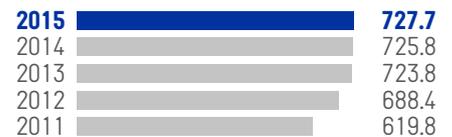
### Revenue characteristics

High visibility, long term and stable.

### Managed Services revenue (£m)

**727.7**

+0.3%



# A YEAR OF PROGRESS



**As you, our shareholders, partners and employees know, we manage our business and its relationships for the long term.**



As you, our shareholders, partners and employees know, we manage our business and its relationships for the long term. In 2015, we made good progress in managing our cash, and with the sale early in the year of our recycling subsidiary RDC, and substantial cash generation in 2014, we were able to return £121.4 million by way of special and ordinary dividends. We will continue our focus on working capital usage and cash generation for the long haul.

Operationally, we have completed the implementation of the Group Operating Model, which enables us to deliver consistent service to our customers across the countries in which we operate, whilst retaining an in-country go to market approach in our geographies. This has taken more than four years of sustained effort, from the installation of our single ERP system to the required change in management reporting lines, and it has required constant focus on long-term goals while striving to deliver annual revenue and profit growth.

Our results in 2015 were pleasing as, despite a substantial decline in the Euro, we made our profit objective for the year, and on a constant currency<sup>2</sup> basis grew our adjusted revenue<sup>1</sup> by 5.5 per cent. In the UK, we implemented substantial new Managed Services contracts for a number of customers, in Germany we won a significant number of new contracts, and in France we made good progress in getting the operation properly focused and resourced.

We continued diversification of our customer support capability with Barcelona, Cape Town, Budapest, Bangalore and Kuala Lumpur remaining key components of our long-term plans. In the future, we are planning to begin direct, rather than partner-based, operations in the USA, and the setting up of a support centre in Mexico. We serve customers in more than 100 countries, but we sell to enterprises whose home is in one of five countries being the UK, Germany, France, Belgium and Switzerland. In accordance with the Group's strategy, we continue to invest in our Services capabilities with which we support and enable the end users of our customers.

I have chosen to underscore in this short letter our commitment to the long term, but we are pleased with the results for 2015, achieved despite challenges in the market and of our own making, and we are confident of continued progress in 2016. I thank our shareholders for their faith in us, our partners for their support, and our employees for their efforts and, of course, results.

**Greg Lock**  
Chairman

11 March 2016

# A LONG-TERM VIEW

**Computacenter has delivered a further year of progress in 2015, increasing its adjusted diluted earnings per share<sup>1</sup> by 21.1 per cent to 53.4 pence. This level of performance has been achieved despite an increased level of in-year strategic investment by the Group to maintain and grow its competitive advantage, substantial currency headwinds due to the strength of the Pound Sterling against the Euro, and challenging wider economic conditions.**

As a public company listed on the main market of the London Stock Exchange, we strive at all times to deliver value for our stakeholders across a range of time-horizons. However, as a Senior Management team, we continue to consider the long term in all aspects of our decision-making and, as part of this approach, spend significant time reviewing the progress made by the business, both financially and otherwise, over a rolling three-year period.

We have been pleased by the financial progress made by the Group over the past three years. Since the end of 2012, our adjusted profit before tax<sup>1</sup> and adjusted diluted earnings per share<sup>1</sup> have increased by 5 per cent and 11 per cent respectively on an annually compounded basis. The Group's ability to generate cash remains consistently strong. This, together with the disposal of RDC, has allowed us to return approximately £171 million to shareholders in the last three years, in addition to our standard dividend of £70.9 million declared in respect of that period. The financial performance has been particularly pleasing when one considers the increased investment made through the P&L in the Group's Services capability, in order to provide a foundation for continued organic growth and a more sustainable business.

It has also been three years since the Board undertook a comprehensive review of the Group's strategy, and as is set out on page 21, consistent progress has been made against its revised strategic objectives. In keeping with our approach of building for the long term, we will increase investment further in 2016, focusing on the development of our Next Generation Service Desk (NGSD) capability, and our Mobility, Cloud and Security offerings. We will also increase the level of our investment in our internal systems to improve the productivity of our Services resource, in particular through the use of Field Force technology. As we continue to deliver and further refine our strategy, the Group will look for ways in which it can grow its Services business, whilst balancing this with the importance of maintaining capital discipline and balance sheet efficiency.

In 2012, Computacenter took the decision to implement its Group-wide operating model, and this process has been completed across all of its main operating subsidiaries. In both Germany and France, the use of industrialised best-practice processes, together with the involvement of Group Management, has also played a role in the improving in-country financial performance in 2015. The implementation of the model has been about an aspiration to raise the Group's standards and quality of service, and I have been particularly pleased with the progress made in this area.

Computacenter is well-placed for another year of progress in 2016. We will continue to invest appropriately in our systems, technology, people and processes to support the long-term prospects of the Group. These prospects are enhanced by the talent and dedication of people right across Computacenter, which I have witnessed at close proximity over a long period of time.

I would like to take the opportunity to thank our shareholders, who continue to provide us with consistent support and valuable feedback. I hope to see you at our Annual General Meeting on 19 May 2016.



**Mike Norris**  
Chief Executive Officer

11 March 2016

“

As a Senior Management team, we continue to consider the long term in all aspects of our decision-making and, as part of this approach, spend significant time reviewing the progress made by the business, both financially and otherwise, over a rolling three-year period.

”



# SHIFT TO DIGITAL



## GENERAL MARKET CONDITIONS ARE FAVOURABLE

For our three core territories, the UK, Germany and France, we expect to see revenue growth of more than two per cent per year over the next three years across hardware and software product and Professional and Managed IT services. Within this market, the pricing pressure seen last year for the supply of hardware, particularly PCs, printers, servers and storage, is predicted to continue.

However, this is expected to be more than compensated for by growth in enterprise networking equipment and software in the areas of infrastructure virtualisation, IT operations, enterprise content management and web conferencing and collaboration.

The outlook for the IT services segment remains positive. IT outsourcing services are expected to return to modest growth driven by mobile, cloud, networking and security requirements. Professional services are benefiting from the shift from hardware to software as customers look for consulting and integration services to transform their IT infrastructures.

## THE SPEED OF CHANGE IS INCREASING

The speed of digital innovation in social media, mobility, analytics and cloud has increased dramatically in the last few years. Digitisation is already making profound and long-lasting changes to how the IT industry operates, and how IT enables businesses and their users. There are a number of drivers for this:

- **Industrialisation:** IT operations and services are becoming increasingly standardised and automated, driving cost savings and efficiencies. The growing use of virtualisation and cloud-based services are also enabling greater agility.
- **Consumerisation:** Employees expect enterprise IT devices and services to match the user experience they enjoy in their personal lives. This trend will be reinforced as younger generations ('digital natives') enter the work environment.
- **Internet of Things:** From cars and fridges to drones and scanners, more and more devices are becoming connected as the distinction between the physical and the digital disappears. Both consumer and commercial worlds will be impacted as the 'Internet of Things' continues to grow.

- **Digital transformation:** E-commerce and digital social marketing has not only transformed how companies engage with customers, but also how customers buy products and services. Businesses, their users and their customers are now connected through multiple channels – from mobile applications and social networks to helpdesks and websites. This is reshaping a wide range of sectors, including leisure, travel, retail and financial services, and is accelerating the adoption of digital technologies.

## TRENDS IN OUR TARGET MARKET

Market evidence shows that the era of IT outsourcing mega-deals is coming to an end. Instead, organisations are favouring smaller, more targeted contracts, which presents a significant opportunity for Computacenter. There are two factors that are contributing toward this shift:

- **Disaggregation:** Customers are separating their IT contracts and tenders into specific service verticals, or towers, such as end user support, workplace support, datacenters and networking. Larger organisations often split their IT outsourcing into even more specific service lines, for example managed security, managed voice or managed LAN. This multi-sourcing model allows companies to select the best provider for each service tower and create a strong ecosystem of IT partners.
- **End-to-end solutions:** Our customers increasingly want end-to-end solutions instead of point solutions. To meet this need, service providers must have the capabilities and resources to cover the full IT spectrum – from providing software and devices through to networking and security into the datacenter. This demand for a joined-up approach also extends to IT services, with customers preferring to work with partners that can support them throughout the transformation lifecycle – from advising, sourcing and designing to deploying, integrating and managing.

Both of these trends play to the strengths of Computacenter. As a result of the increase in smaller outsourcing contracts, we expect that there will be more opportunities within Computacenter's target market. The end-to-end focus of our customer base matches the breadth and depth of our services and solutions portfolio.

# DIGITAL PLATFORMS



**Michael Weiss**  
Head of Group Strategy  
& Marketing

## OUR AMBITION: ENABLING USERS AND THEIR BUSINESS IN A DIGITAL WORLD

In 2014, Computacenter set out an ambition to be Europe's preferred IT provider to enable users and their business. The feedback we have received from our existing and potential customers has been very positive. This has included an appreciation for our strong focus on the end-user, which sets us apart from many other competitors with a much wider scope. With the consumerisation of IT going mainstream and the 'shift to digital' becoming a reality, we have updated our ambition statement to be 'Europe's preferred IT provider to enable users and their business in a digital world'.

## OUR STRATEGIC POSITIONING

Computacenter aims to be the multi-vendor Managed Services provider of choice for the IT infrastructures of our customers. We are able to make this multi-vendor distinction thanks to our strong relationships with major IT vendors. This enables us to provide our customers with independent and trusted advice about different and emerging technologies.

Our focus on Managed Services is critical to retaining and maximising our customer relationships over the long term. Previously, Computacenter worked towards this objective primarily through physical processes and facilities. For example, customers would speak to our dedicated, 24x7 Global Service Desk when they needed an IT issue resolved. Going forward, these and other service delivery scenarios will evolve with processes being digitised and fulfilled through digital assets.

In response to the 'shift to digital', we intend to become the preferred Managed Services provider of hybrid, digital platform solutions. Our customers need digital platforms to help them cope with the growing complexity and fluidity of digital services, as well as to improve ongoing governance and management. Hybrid services and solutions blend digital and physical delivery channels and capabilities to enable businesses to grow faster and users to work smarter.

## FOUR HYBRID – DIGITAL PLATFORMS IDENTIFIED

**From disrupted to productive with our Next Generation Service Desk (NGSD).** With its self-service portal, web chat feature, intuitive user interface and constantly expanding knowledge database, NGSD is a great example of a hybrid – digital platform. We will continue to enrich our NGSD offering by extending its functionality and improving the user experience. NGSD is the latest example of solution innovation at Computacenter, and illustrates our ambition to enable users in a digital world.

### **Our Mobile Management solution drives enterprise mobility.**

The Enterprise Mobile Management (EMM) solution provides an integrated and highly secure desktop and mobile work environment that can be tailored to different workstyles and device ownership models. Advising, building and managing EMM and AppStore technologies from market-leading vendors represents a significant step on our journey to a digital workplace.

### **Increasing IT agility with our Hybrid and End-user Cloud Services.**

Our hybrid cloud offering ranges from audits and blueprints, to planning, building and operating hybrid cloud infrastructures and management platforms efficiently and cost-effectively. We are also helping our customers to deploy and manage cloud-based services (for example Office 365) in the workplace. With our heritage in IT transformation and our experience in cloud enablement, we are a trusted advisor and key partner in these times of change.

### **Enabling users means securing users with our Managed Security Services (MSS).**

By drawing on our existing consulting expertise and building a centralised security capability, we aim to defend ourselves and our customers against cyber threats. We want to protect and grow our Managed Services business by embedding MSS in current and future customer agreements.



**Computacenter aims to be the multi-vendor Managed Services provider of choice to run the IT infrastructures of our customers.**





**Neil Hall**  
Director of Business Enablement  
& Contractual Services

## 1. To lead with and grow our Services business

### WHAT WE HAVE ACHIEVED IN 2015

We have seen strong growth in our Services contract base in Germany, with a number of key wins within our target market, including DekaBank, Airbus and Daimler. Greater focus on qualification and sales execution has helped improve our win rates. Extended contracts with existing clients, the growth of new customers, such as Transport for London, and the renewal of our largest customer have helped limit a contract base decline in the UK, caused primarily by the loss of a large contract. We have successfully transitioned a number of the wins from 2014, with these customers going on to reference our capabilities early in their contract, which is of significant value as we address upcoming opportunities.

Across our business, our 'enabling users' approach has helped drive new growth and deals, including Union Chimique Belge (UCB). Our key growth plays, such as Next Generation Service Desk (NGSD) and Enterprise Mobility, are resonating well with the market, supporting the sales of new Services contracts and the creation of a more robust pipeline. We have a significant Group pipeline of opportunities, which should assist our contract base in 2016. We are leveraging our UK-based mature cost tools across the Group, which will help ensure we are designing services that are competitive, deliverable and profitable.

Services contract base<sup>2</sup> (£m)

**656**

+1.4%

### WHAT WE INTEND TO DO IN 2016

In 2016, we expect to see growth in our forward order book for Services in our key markets, with an increased focus on challenging geographies, such as France. We will continue to strengthen our pipeline for 2017 and 2018, ensuring we have clear visibility of customer requirements ahead of any competitive process. We will put greater focus on internationally based customers requiring end user services. We will further develop our propositions and capabilities, ensuring we continue to innovate within our target market in areas such as infrastructure/desktop-as-a-service, cloud, security and digital workplace. We have a key opportunity in France to renew and extend a contract with one of our major clients, which would help to drive in-country Services revenue growth. We will ensure existing customers continue to renew and extend their contracts by leveraging our high-quality Service Management and Client Teams across the Group.



We will continue to focus on the right deals within our target market. By bringing together the best of our Group capabilities and credentials, we will make selecting Computacenter an easy decision for our customers.





**Chris Webb**  
Group Chief  
Operating Officer

## 2. To improve our Services productivity and enhance our competitiveness

### WHAT WE HAVE ACHIEVED IN 2015

As a result of new business wins with Royal Mail Group, Network Rail, Transport for London, DekaBank and Volkswagen MAN Service Desk, we grew our overall Services headcount by more than 530 people during the year. The fact that we were able to take on and absorb all of these fiercely competed contracts without diluting the overall revenue per head indicator is a testament to our ongoing focus on and driving of in-life services productivity.

In 2015, we continued to run our biannual review process where we internally evaluate our core businesses of Managed Services and Professional Services. These reviews involve a deep analysis of the underlying foundations required to deliver a high quality of service, while at the same time remaining productive and competitive in the market. Using trusted external benchmark data, we were able to assess and adjust primary job roles within consultancy, engineering and project management to maximise our competitiveness and the utilisation of 'hot skills'.

During the year, our Group Industrialisation team embarked on a programme of Group-wide standardisation projects – all of which will help us streamline our activities and processes to leverage better our experience, best practices and standards. The team has worked closely with specialists from our Group Information Systems function to identify the building blocks we need to put in place to enable the innovative automation of everyday engineering and support processes associated with common customer requests, such as installations, moves, changes and device swaps.



**Our focus on, and experience of, enabling users means we are ideally positioned to help our customers succeed.**



### WHAT WE INTEND TO DO IN 2016

While we develop our automation tool (to be called Field Force Enablement), we will analyse the engineering work we perform across all of our Managed Services contracts. As part of this process, we will identify the volume and variety of tasks undertaken and the time involved. We will then use our bespoke Management Operating System to establish greater controls and drive productivity gains. By leveraging our investment in SAP's scheduling tool (MRS), we will be able to take a more optimised and centralised approach, which will not only help unlock greater efficiencies, but also align our business processes ahead of automation.

We will continue to expand – both in terms of our geographic coverage and our services portfolio – placing particular focus on customer requirements related to cloud, security, mobile and analytics. This approach will ensure that we can continue to compete successfully for the largest and most challenging customer opportunities.

**Adjusted Services revenue<sup>1</sup> generated per Services head<sup>2</sup> (£'000)**

**84**

**+2.4%**



**Mike Norris**  
Chief Executive  
Officer

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

#### WHAT WE HAVE ACHIEVED IN 2015

One of our key performance indicators remains the number of customers who make a contribution to the Group of over £1 million per year of gross profit, measured now on a constant currency<sup>2</sup> basis.

Computacenter is focused on its profitability by customers over the long term, across the range of services and products that we supply.

Typically, we make progress against this key performance indicator by winning new customers, and leading with a Managed Services approach, which often requires a long sales cycle and significant pre-sales investment. Once a Managed Services bid has been successful, there are often a number of almost immediate opportunities to build up the size and value of the customer relationship.

Nowhere has this been more evident across the Group than in the UK business in the second half of 2014 and in the first half of 2015, which has benefited from in-year Supply Chain 'pull-through' from its significant Managed Services wins seen in 2014. It has also resulted in Professional Services projects work, as customers looked to modernise their end-user environments as part of the on-boarding process.

Building trust with our customers during this initial phase, and then maintaining it through the provision of high levels of service, generating customer satisfaction, and taking a long-term approach are all key components of achieving consistent progress in this area.

Maintaining high levels of customer satisfaction retains customers for the long term which enables you to gradually grow your customer base.

#### Number of customer accounts with contribution over £1 million<sup>2</sup>

**83**

+1.2%

#### WHAT WE INTEND TO DO IN 2016

In 2016 we intend to maintain our success over the last few years of securing new named customers. While 2015 was a little quieter in the UK following some very active years, momentum has improved materially in Germany. Looking forward, the pipeline in both countries is promising for 2016 and we expect some contribution from our other geographies. Additionally, we anticipate that a gradually improving economic environment, together with an increase in the range of our offerings, will enable us to increase the number of our customers making a contribution of over £1 million per year of gross profit to the Group.



**Maintaining high levels of customer satisfaction retains customers for the long term which enables you to gradually grow your customer base.**





**Michael Weiss**  
Head of Group Strategy  
& Marketing

## 4. To innovate our Services offerings to build future growth opportunities

### WHAT WE HAVE ACHIEVED IN 2015

Having developed and internally deployed our NGSD and Enterprise Mobility solution in 2014, our priority for 2015 was to successfully launch both offerings to our customers. With our industry award 'Best Managed Service Desk 2015' and the implementation at Visa Europe (see case study), we have achieved exactly this. Through NGSD, which was rolled out in April 2015, Visa Europe has significantly improved employee productivity and engagement by driving the rate of digital interaction with its users above 40 per cent. With the subsequent introduction of our Enterprise Mobility solution, Visa Europe users will enjoy secure access to their email, calendar, contacts and a host of other company specific apps. Visa Europe will also be our first customer to benefit from the full functionality of the NGSD mobile app at the end of this year.

In 2015, we also established a Group-wide cloud offering through which we advise, build and deploy our customers' hybrid cloud infrastructures. Building a private cloud for Deloitte (see case study) illustrates that customers are looking for transformation partners who can offer a comprehensive hybrid cloud model covering all architectural, design and implementation aspects.

Finally, we have developed a layered Managed Security Services model and capability through which we can address our customers' increasing security requirements, while also winning and retaining workplace Managed Services contracts.



Our strategic investments have been well-timed. Innovation is back on the CIOs agenda – and CIOs trust us as the right transformation partner.



### WHAT WE INTEND TO DO IN 2016

In 2016, we intend to leverage our NGSD and Enterprise Mobility solutions to protect our existing Managed Services business, while also driving new customer engagements. We are committed to further developing both solutions, in addition to our cloud and security capabilities.

As part of this development, we enhanced the functionality of NGSD by making the mobile app a standard offering. For Enterprise Mobility, we will go to market with three different state-of-the-art technical platforms to meet customer demand.

With our Hybrid Cloud offering, we will be able to significantly drive our Supply Chain and Professional Services businesses; we are also extending our capabilities to manage these cloud infrastructures. To drive growth and safeguard our business and that of our customers, we plan to establish a Group-wide managed security operation and cyber defence capability. As part of Managed Security Services, we will invest in increased analytics skills.

By building on our strategic developments, we plan to create a vision, offering and capability around the Digital Workplace, which addresses our customers' workplace transformation needs.

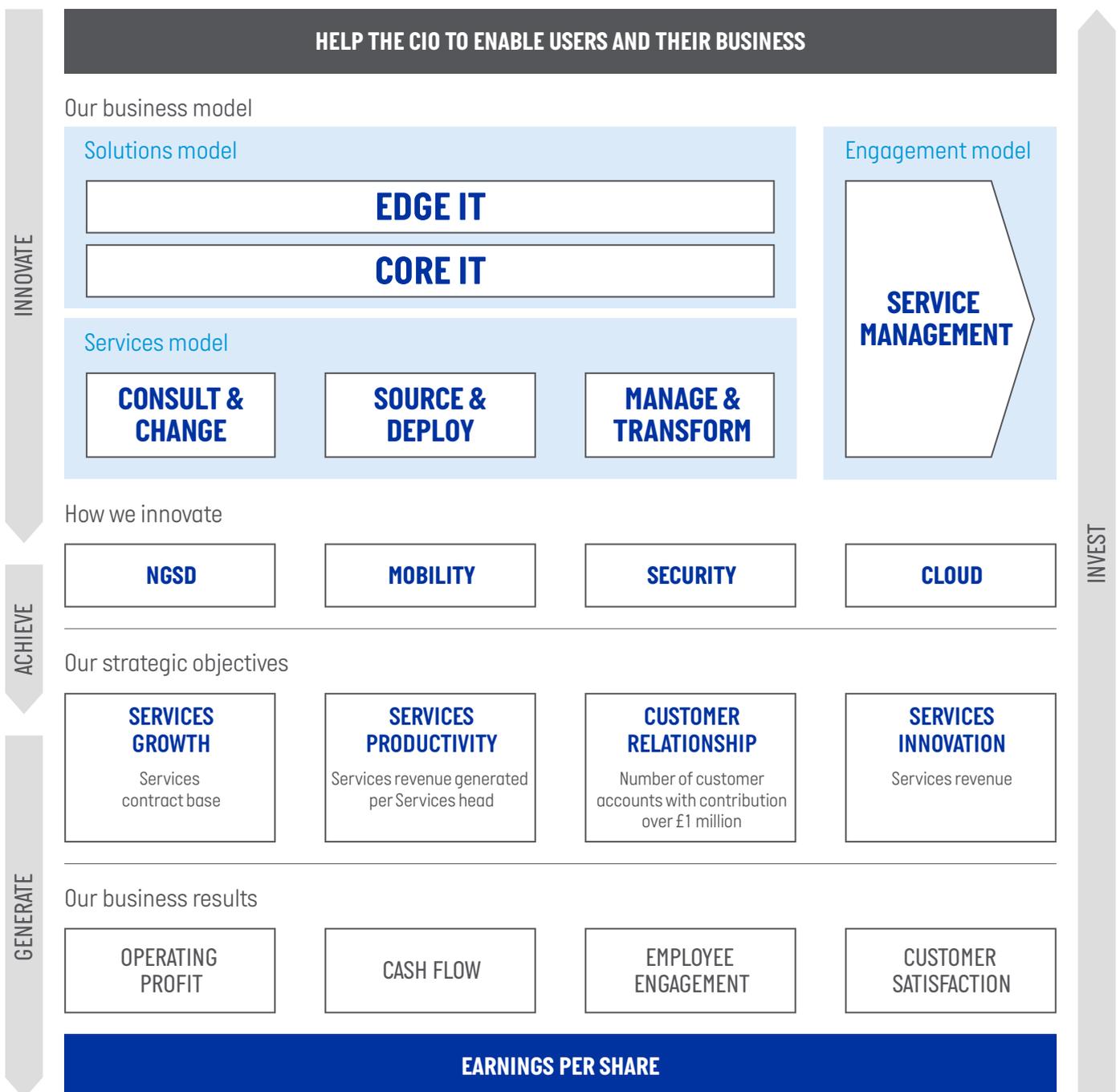
Adjusted Services revenue<sup>1,2</sup> (£m)

**990**

+6.0%

# DIGITAL TRANSFORMATION PARTNER

## Our business model explained



Through our **Solutions Model**, we design and sell end-to-end IT solutions for end-user computing (Edge-IT) and back-end IT infrastructures (Core-IT). With our **Services Model**, we cover the complete lifecycle of these solutions from advisory and systems integration (Consult & Change), to product resale and distribution (Source & Deploy) and then maintenance and operations (Manage & Transform). Our **Engagement Model** ensures that all our services and solutions are managed consistently and continuously improved and aligned to the needs and requirements of our customers.

#### HOW IT SUPPORTS OUR STRATEGY

##### Solutions Model – Building and managing hybrid digital platforms

**Opportunity:** From all the opportunities that the ‘shift to digital’ brings to our industry, we have identified the NGSD, Enterprise Mobility, Hybrid and End-user Cloud, and Managed Security Services as the four key areas providing growth potential for Computacenter (see ‘Our strategy’).

**Rationale:** As the velocity and variety of technology trends continue to increase, our customers are looking for a partner who is able to identify best-of-breed solutions for their business as well as reduce the complexity of managing these solutions on their behalf.

**Strategic objective:** By providing innovative solutions that address the IT and business challenges facing our customers, we will build future growth opportunities for Computacenter (see KPI #4).

With our Solutions Model, we make innovation work.

##### Services Model – Industrialising our service delivery

**Opportunity:** Customers expect service providers like Computacenter to constantly improve efficiency and drive out cost as part of long-term engagements.

**Rationale:** The off-shoring of service delivery to lower cost locations can prove detrimental to the quality of service that customers receive. Potential financial savings can be severely impacted by the increase in transactional or quality assurance costs. At Computacenter, we believe in right-shoring. This means blending the right mix of on-site, in-country, near-shore and off-shore resources for each customer engagement. We expect to deliver even greater productivity gains by using digital technologies that enable automation and self-service.

**Strategic objective:** To improve our service delivery productivity, we have three streams of activity which are being executed in parallel (also see KPI #2):

1. Standardising our tools and processes to drive out complexity
2. Right-shoring of our Service Desk and infrastructure management capabilities
3. Driving the integration and automation of our business processes

Our Services Model is fundamental to how we support our customers’ transformation and evolution as they adapt to the major trends in the IT industry.

##### Engagement Model – Digitising customer engagement

**Opportunity:** The consumerisation of IT and the increasing importance of digital user interfaces and experiences provide another opportunity to improve and enrich the interaction with our customers and their users.

**Rationale:** The digitalisation of the user interface (see NGSD in ‘Our Strategy’) provides both the prerequisite for improving our service productivity through automated processes and the information needed to achieve stronger customer intelligence and satisfaction.

**Strategic objectives:** As our digital user interface solution, NGSD will help drive Managed Services growth (see KPI #1) by acting as an incentive for early renewals, as well as a key differentiator when bidding for new business. Our more traditional customer engagement channels (i.e. sales and service management) remain key to maximising and retaining relationships with our customers in the long term (see KPI #3).

Our Engagement Model helps us to be a truly customer-centric business.

#### HOW OUR BUSINESS MODEL DRIVES SHAREHOLDER VALUE

Each of the building blocks in our business model is focused on helping us achieve our strategic objectives. By working towards our goals, we are able to improve customer satisfaction and employee engagement. This, in turn, will support the generation of operating profit and cash flow across our core territories. The realisation of our financial and non-financial goals enables us to continue to invest in and refine our business model.

# WINNING TOGETHER



**Barry Hoffman**  
Group Human  
Resources Director

**People, like our services and innovations, are a major source of competitive advantage and we continually review our approach to attracting and retaining talented individuals.**

During 2014, we looked closely at our people strategy. We embarked on an initiative, working with employees from all levels across all of our geographies, to understand better what we value in them and how we communicate this against the backdrop of our business strategy. The outcome is our 'Winning Together' values. These articulate our long-held beliefs and have been cascaded to everyone across the Group. Winning Together is a cornerstone of our people strategy, and one which we expect to last for many years to come.

Our Winning Together values are important to our business because as a Group we win by:

- putting customers first;
- being straightforward; and
- keeping promises.

And we do this together by:

- understanding people matter;
- considering the long term; and
- inspiring success.

Winning Together is more than just six bullet points. It is a way to differentiate our people, enable our business to make better decisions and provide superior services to our customers. To drive the continuous development of our people, we have invested heavily in a new performance management programme along with consistent and easy-to-use cloud-based technologies from Success Factors and SAP. This will provide our managers and employees with the information they need to track their performance and development. As a result, this Group initiative will help us on our journey to becoming a truly integrated organisation across multiple teams and countries. We are passionate about the competitive advantage that comes from nurturing our people, and invest in growing future leaders for the business.

During the last year, we have also enhanced our range of people/skills development programmes across the Group, from short-term work experience for the young, through to business mentoring and support schemes alongside Apprenticeships, Associate Programmes and Graduate or Industrial Placement Programmes. As a measure of our commitment in 2015, more than 10 per cent of new starters in our German and UK operations have been apprentices, placements or associates, and more than two per cent of all employees in these countries are on an 'early in careers' scheme.

Every young person on one of these pathways brings a fresh and innovative approach to how we do business, and we are justly proud of the achievements of each of them – but it is always nice to be recognised externally. We are honoured to have been awarded 'Highly Commended Apprentice Employer' at the National Apprentice Awards for our passion and commitment to the apprentices in our business.

We don't just consider the added value that we bring to our customers with the products and services we offer; we also continually assess the value we bring to our employees, both current and future. Our Employer Brand experience has been aligned to our Winning Together values and focuses on empowering our people; together we win by making sure our people have the autonomy and support they need to deliver exceptional solutions for our customers.

Our continuing success is based on hiring, developing and retaining high-quality people; more than 34 per cent of our people across the Group have worked with Computacenter for over 10 years. We strive to make Computacenter an exciting place to work. We are proud of the fact that our people are at the heart of everything we do, and that our customers value the skills and experience our people bring to work with them each day.

“

**We are proud of the fact that our people are at the heart of everything we do.**

”

# EVOLUTION AND REVOLUTION IN SUPPLY CHAIN



**Mike Rodwell**  
Group Chief  
Commercial Officer

**We are accustomed to change in the IT industry, but even by the standards of this fast-moving environment, the last couple of years have been momentous. The split of both HP and Symantec into two businesses; the sale of IBM's System x business to Lenovo; Dell's return to private ownership and its stated intention to acquire EMC, another industry giant, are all changing the vendor landscape in ways that few people could have imagined.**

While many of the industry stalwarts are entering a period of acquisition, consolidation or major structural change, 'new' names, such as Nutanix, SimpliVity, Pure Storage and Nimble, are further challenging the status quo. In the case of Nutanix and SimpliVity, their willingness to partner in new infrastructure-based ecosystems has resulted in them collaborating with established companies including Dell, Lenovo and Cisco; companies that would typically favour home-grown solutions but who have adapted their strategies to accommodate this new way of working. Pure Storage and Nimble are, on the other hand, challenging the traditional storage vendors with a 'Flash-centric' assault on the market. Many of these emerging companies will ultimately be acquired by larger organisations seeking to enhance their portfolios while at the same time protecting their legacy offerings, as was the case recently with NetApp's acquisition of SolidFire. We await with interest to see how Computacenter's major partners, including the newly created Hewlett Packard Enterprise (HPE) and HP Inc., Cisco, Lenovo and potential Dell/EMC combination, continue to adapt to these market changes.



**The rapid pace of change in both partner and technology landscapes is a business reality which provides a major opportunity for Computacenter.**



Cloud computing has become part of the corporate vocabulary, but terms such as 'software defined', 'anything-as-a-service', 'hyper convergence' and 'hyper scale' are now becoming firmly established, as the demand for speed and agility becomes ever more business critical. The rapid pace of change in both partner and technology landscapes is a business reality which provides a major opportunity for Computacenter. Both traditional and emerging partners rely on Computacenter to help embed their new products and technologies into supply chain and end-to-end solutions. By combining our first class logistics with the expertise of our specialists, consultants and project managers, we help customers gain maximum benefit from new and evolving technologies and trends as quickly and seamlessly as possible.

Across Computacenter, I am proud to lead more than 1,000 dedicated professionals working within Group Commercial Operations spanning Inside Sales, Partner Management and Logistics Operations. As part of managing the end-to-end product lifecycle, this team maintains trusted commercial relationships with the Original Equipment Manufacturer (OEM) and distribution partners that underpin Computacenter's £2 billion annual Supply Chain business. Their knowledge, combined with that of their colleagues in our Solutions and Services business areas, is disseminated throughout Computacenter and its customer base to aid decision-making for today and planning for tomorrow.

# RISK MANAGEMENT



**Chris Webb**  
Group Chief  
Operating Officer

**Computacenter’s approach to risk management is underpinned by a deep understanding of its business and the industry that it operates in.**

The Board of Directors has overall responsibility for the Group’s system of internal control and risk management and has established a continuous process for the identification, evaluation and management of the principal risks faced by the Group. This process has been in place for the whole of the financial year and is in full compliance with the UK Corporate Governance Code and the Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The objectives of the risk management process are to:

- manage risk to a level acceptable to the Board;
- maximise the chances of achieving our strategic objectives by effectively managing the risks that might undermine them; and
- ensure the fundamentals of good risk management are incorporated into our decision-making process at all levels.

The Board periodically reviews the Group’s risk appetite which balances business development opportunities with potentially higher risk whilst at all times maintaining long-term customer satisfaction and safeguarding our reputation. In practice this means we have a healthy risk appetite where we have a good understanding of the risks based on our experience and a low risk appetite where we have less knowledge, experience and understanding of the accompanying exposures.

The main elements of the risk management process are as follows:

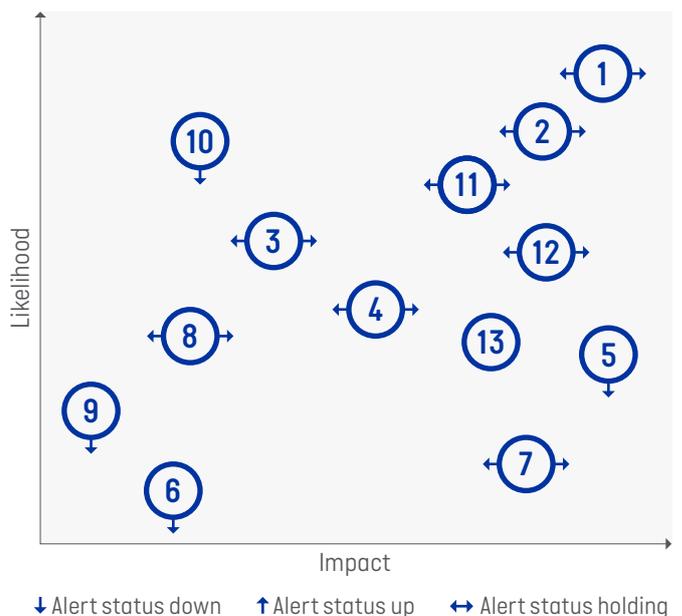
- the Schedule of Matters Reserved for the Board, and its adherence, ensures that all significant factors affecting Group strategy, structure, financing and contracts are properly addressed by the Directors;
- the Board and Executive Committee consider the barriers to achieving the strategic objectives set by the Board (the principal risks);
- the Group Risk Committee, consisting of the Executive Directors, members of the Group Executive Committee and senior managers from across the Group, robustly challenges the effectiveness of mitigations of the principal risks. Each key risk is considered in depth at least once a year by the Risk Committee;
- deliberations of the Group Risk Committee, along with the current status of each principal risk, are reported to the Audit Committee and to the Board; and

- the Group Risk Committee also reviews the output of the annual Business Risk Assessment, a bottom-up risk-identification process that each business and functional area completes, to decide whether any of these risks are of such magnitude as to be considered a principal risk to the Group.

Risk management needs to be embedded adequately in the day-to-day running of the business if it is to be effective. Examples of how we achieve this include the following:

- our bid management process is subject to an overall governance methodology to ensure appropriate risks are identified and that there is adequate challenge relating to our pricing and our ability to provide the technical solutions being put forward;
- following the winning of new contracts, there are further robust governance processes to ensure that risks relating to transitions and transformations are fully considered and that in-life commercial management is adequately addressed; and
- in relation to our international business strategy, there are effective and thorough governance processes for on-boarding, reviewing and managing partners to ensure a consistent high quality of service for our customers with global operations.

## Group Risk Log 2015 Heat Map



## Risk management framework

### THE BOARD

- Sets strategic objectives
- Defines risk appetite
- Has overall responsibility for the Group's risk management process and internal control systems
- Monitors risk exposure in pursuit of our strategic objectives



### AUDIT COMMITTEE

- Reviews the effectiveness of our risk identification and risk management process
- Reviews the effectiveness of internal control systems
- Supports the Board in monitoring risk exposure

### GROUP RISK COMMITTEE

- Sets the risk management process
- Provides oversight and challenge on the effectiveness of risk mitigation for our principal risks
- Considers emerging risks and also high-impact/low-likelihood risks

### INTERNAL AUDIT

- Internal Audit plans are focused on providing assurance on our principal risks to assist the Audit Committee in its review of the effectiveness of the risk management process and of our internal control systems



### OPERATIONAL LEVEL

- Group-wide risk identification and assessment
- Ongoing monitoring of mitigations performed across the Group through management, key performance indicators and review by the appropriate Risk Manager
- Internal controls embedded across the Group

## Risk management as a process to maximise the chances of achieving our strategic objectives

RISK TO ACHIEVING STRATEGIC OBJECTIVES	STRATEGIC OBJECTIVES			
	To lead with and grow our Services business	To improve our Services productivity and enhance our competitiveness	To retain and maximise the relationship with our customers over the long term	To innovate our Services offerings to build future growth opportunities
1. Underdelivery on contractual commitments	■	■		■
2. Systems outages	■	■		
3. Poor staff recruitment and retention	■	■	■	■
4. Untested design and pricing structures	■			■
5. Inadequate succession planning	■			■
6. Poor control of direct costs	■	■		
7. Adverse technology change	■		■	■
8. Ineffective international business strategies	■		■	
9. Weak Group culture	■	■		
10. Poor control of working capital management		■		
11. Cyber threat	■	■		■
12. Inappropriate investment	■	■		■
13. Economic downturn	■			■

PRINCIPAL RISKS	PRINCIPAL IMPACTS	RESPONSE TO RISK	ALERT STATUS
<p><b>1. Underdelivery on contractual commitments</b></p> <p>Failure to deliver against contractual commitments for our Services business. Either through poor transition and transformation activity or through the lack of delivery of committed service productivity improvements and service levels over the contract life.</p>	<ul style="list-style-type: none"> <li>• Customer dissatisfaction</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> <li>• Reduced margin</li> <li>• Reduced service and technical innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory governance processes over the risks relating to transition and transformations</li> <li>• Service management best practice</li> <li>• Mature root cause analysis and lessons learnt processes for complex transformations</li> <li>• Regular commercial and contract 'deep dives' to manage service productivity improvements</li> <li>• Development of a deal-specific risk management process to formalise practices and increase visibility for 2016</li> </ul>	<p>Pre-mitigation – increasing in line with contract value</p> <p>Post mitigation – holding steady</p>
<p><b>2. Systems outages</b></p> <p>Failure(s) leading to unacceptably long outages or regular short outages of either informal or customer-facing systems.</p>	<ul style="list-style-type: none"> <li>• Customer dissatisfaction</li> <li>• Business disruption</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• All Group standard systems are built and operated on High Availability infrastructure designed to accommodate failure of any single technical component</li> <li>• All centrally-hosted systems are built and operated on High Availability infrastructure with multiple levels of redundancy</li> <li>• All centrally-hosted systems benefit from dual network connectivity into core datacenters designed to accommodate loss of network service</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>3. Poor staff recruitment and retention</b></p> <p>Not recruiting and retaining the right calibre of staff across any of our customer-facing functions.</p>	<ul style="list-style-type: none"> <li>• Customer dissatisfaction</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning in place for top 50 managers</li> <li>• Regular remuneration benchmarking</li> <li>• Investment in management development programmes</li> <li>• An annual staff survey to understand and respond to employee issues</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>4. Untested design and pricing structures</b></p> <p>Key empowered decision makers within the Group fail to implement appropriate designs and pricing structures for Managed Services or outcome-based project management contracts.</p>	<ul style="list-style-type: none"> <li>• Reduced margin</li> <li>• Loss-making contracts</li> <li>• Customer dissatisfaction</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Board oversight of significant bids</li> <li>• Commercial governance process established across the business opportunity and sales teams, including: <ul style="list-style-type: none"> <li>– commercial summaries for discussion and review</li> <li>– detailed costing analyses</li> <li>– risk-based decision-making</li> <li>– commercial feedback of lessons learned</li> </ul> </li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>5. Inadequate succession planning</b></p> <p>Inadequate succession planning and insufficient management depth within key senior management areas of the business.</p>	<ul style="list-style-type: none"> <li>• Lack of leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Succession plans in place for Executive Directors and other Senior Management</li> <li>• Management development programmes in place to develop talent</li> <li>• Incentive plans to aid retention</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – reducing as succession planning matures</p>
<p><b>6. Poor control of direct costs</b></p> <p>Letting our direct costs run out of control and not taking advantage of productivity and cost reduction opportunities.</p>	<ul style="list-style-type: none"> <li>• Reduced margin</li> </ul>	<ul style="list-style-type: none"> <li>• A range of metrics employed to ensure that we properly manage our direct costs and monitor productivity – including KPIs on staff availability, utilisation, cross-charge efficiency and contractor ratio</li> <li>• A significant amount of direct cost managed centrally to retain control</li> <li>• Enhanced tooling and subsequent reduction in manual activity to deliver cost reductions</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – reducing in line with mitigating actions</p>

PRINCIPAL RISKS	PRINCIPAL IMPACTS	RESPONSE TO RISK	ALERT STATUS
<p><b>7. Adverse technology change</b></p> <p>Technology change dramatically reduces customer need and demand for our service offerings.</p>	<ul style="list-style-type: none"> <li>• Reduced margin</li> <li>• Excess operational staff</li> <li>• Contracts not renewed</li> </ul>	<ul style="list-style-type: none"> <li>• Well-defined Group strategy backed up by an annual strategy process that considers our offerings against market changes</li> <li>• Group Investment &amp; Strategy Board considers strategic initiatives</li> <li>• Additional measures including win/loss reviews</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>8. Ineffective international business strategies</b></p> <p>Failure to deliver and effectively manage our international business strategies. By association the risk around take-on and management of our international partners.</p>	<ul style="list-style-type: none"> <li>• Reduced margin</li> <li>• Customer dissatisfaction</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• International management team strengthened</li> <li>• International business partners (subcontractors) subject to robust governance processes both before take-on and in-life</li> <li>• Alternate partners contracted in all priority countries</li> <li>• Ongoing review of partner strategies</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>9. Weak Group culture</b></p> <p>Failure to develop a Group culture.</p>	<ul style="list-style-type: none"> <li>• Loss of synergies</li> <li>• Loss of brand identity</li> </ul>	<ul style="list-style-type: none"> <li>• Deployment of the Group Operating Model in the major geographies</li> <li>• Management re-organisations undertaken to align country structures</li> <li>• Group values and behaviours defined and announced and Group job alignment standardised</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – reducing as Group Operating Model is deployed</p>
<p><b>10. Poor control of working capital management</b></p> <p>Letting our inventory and/or receivables get out of control.</p>	<ul style="list-style-type: none"> <li>• Financial impact through obsolete stock and/or bad debts</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of debt management best practice following the centralisation of the UK, DE and FR collection functions at the Budapest Shared Service Centre</li> <li>• Increasing focus on direct delivery reduces the level of 'free stock' in warehouses across the Group</li> <li>• New procedures implemented during the year to improve inventory management</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – reducing as control processes improve</p>
<p><b>11. Cyber threat</b></p> <p>A security hacking or virus problem that impacts Computacenter's networks and systems and leads to the corruption or loss of sensitive business and personal data.</p> <p>A security hacking or virus problem at a customer where the fault is identified as being Computacenter's which leads to the misappropriation of sensitive customer data.</p>	<ul style="list-style-type: none"> <li>• Inability to deliver business services</li> <li>• Customer dissatisfaction</li> <li>• Financial penalties</li> <li>• Contract cancellations</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Well-communicated Group-wide information security and virus protection policies</li> <li>• Specific inductions and training for staff working on customer sites and systems</li> <li>• Specific policies and procedures for staff working behind a customer's firewall</li> <li>• Ongoing and regular programme of external penetration testing</li> <li>• Governance processes strengthened by the hiring of additional management resource and internal organisational changes</li> <li>• Ensuring Computacenter does not run customer applications and does not have access to customer data</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>12. Inappropriate investment</b></p> <p>Not investing appropriately or over investing in the wrong automation, self-service and remote tools when compared to our competition.</p>	<ul style="list-style-type: none"> <li>• Reduced margin</li> <li>• Win less new business</li> <li>• Contracts not renewed</li> </ul>	<ul style="list-style-type: none"> <li>• This is linked to Risk 7 – we mitigate this through a range of measures including win/loss reviews, Senior Management forums and strategy reviews where we consider our offerings alongside our competitors and where the market is going</li> </ul>	<p>Pre-mitigation – holding steady</p> <p>Post mitigation – holding steady</p>
<p><b>13. Economic downturn</b></p> <p>Economic downturn leading to a significant reduction in customer IT budgets.</p>	<ul style="list-style-type: none"> <li>• Non-renewal of contracts</li> <li>• Reduction in revenue</li> <li>• Cost base too high compared to revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Regular reporting and monitoring of revenue and margins at local and Group level</li> <li>• Deep understanding of the cost of service allowing adjustable levels of service and customer price</li> <li>• A commitment to excellent service and customer relations</li> <li>• Ongoing management of cost base per Risk 6</li> </ul>	<p>New reported risk</p>

# DELIVERING FINANCIAL VALUE

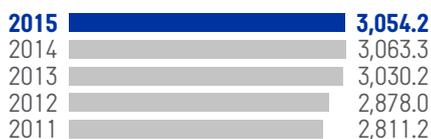
Measuring our performance is key to future growth and achieving our aims. The information below highlights the consistent delivery of financial value to our stakeholders since 2011.

## FINANCIAL OBJECTIVE 1

Adjusted revenue<sup>1</sup> (£m)

# 3,054.2

-0.3%

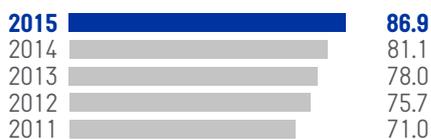


## FINANCIAL OBJECTIVE 2

Adjusted profit before tax<sup>1</sup> (£m)

# 86.9

+7.2%



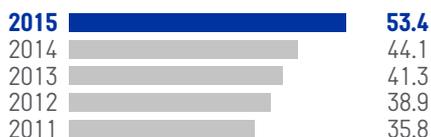
Our aim is always to improve our financial performance in a way that is sustainable and facilitates the delivery of long-term value for shareholders. We always consider the long-term financial impact in our decision making process.

## FINANCIAL OBJECTIVE 3

Adjusted diluted earnings per share<sup>1</sup> (pence)

# 53.4

+21.1%

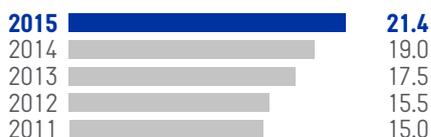


## FINANCIAL OBJECTIVE 4

Dividend per share<sup>3</sup> (pence)

# 21.4

+12.6%



# BUILDING FOR THE LONG TERM

Our services-led strategy is focused on enabling users and their business. The Group's progress against its strategic objectives is transparently measured by the following four key performance indicators.

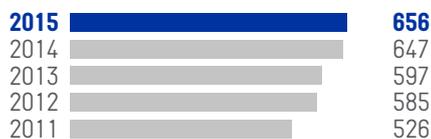
## STRATEGIC OBJECTIVE 1

To lead with and grow our Services business

Services contract base<sup>2</sup> (£m)

# 656

+1.4%



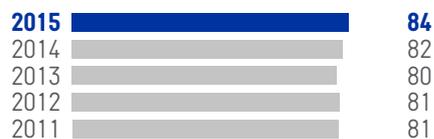
## STRATEGIC OBJECTIVE 2

To improve our Services productivity and enhance our competitiveness

Adjusted Services revenue<sup>1</sup> generated per Services head<sup>2</sup> (£'000)

# 84

+2.4%



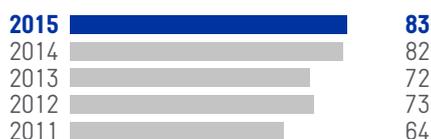
## STRATEGIC OBJECTIVE 3

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

Number of customer accounts with contribution over £1 million<sup>2</sup>

# 83

+1.2%



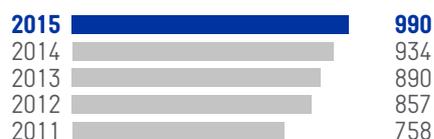
## STRATEGIC OBJECTIVE 4

To innovate our Services offerings to build future growth opportunities

Adjusted Services revenue<sup>1,2</sup> (£m)

# 990

+6.0%



# PRIVATE CLOUD TO INCREASE AGILITY



**Dr Christine Haupt**  
Director of Consulting  
Services, Computacenter

Businesses and IT departments are under increasing pressure to transform in order to drive growth and efficiency. With cloud services at the forefront of this digital transformation, we deliver the ability to connect the business directly to IT and for IT to understand how its services directly influence market share and profits in driving new ways of working, delivery and productivity. Computacenter understands that the right balance of public, private and hybrid cloud solutions will enable organisations to gain a unique advantage for their users and business from cloud services.

As a global professional services company, Deloitte needs to continually evolve its client offerings. To minimise time to market and enable its practitioners, the firm wanted to leverage the agility and efficiency benefits of the cloud.

As a first step on its journey towards an optimal cloud delivery model, Deloitte needed to deploy a private cloud environment as part of its Smart Datacenter initiative. To help build both the new datacenter, which is located in Germany, and the new private cloud platform, Deloitte recognised that Computacenter, with its extensive IT transformation expertise, would be the best partner for the project.

Computacenter and Deloitte took the lead on the transformation, sourcing, designing and deploying a range of physical and virtual technologies that underpin Deloitte's Private Cloud Reference Architecture. It also migrated more than 1,000 terabytes of data and all company applications to the new cloud environment, which underpins core business processes at Deloitte.



Using its industrialised processes, Computacenter helped remove risk and complexity from the datacenter transformation, while also controlling costs.

The new datacenter will help Deloitte establish an optimal cloud delivery model, including hybrid services, which will enable its users to work more effectively and flexibly. The private cloud provides on-demand capacity that can be scaled to meet business and client demand, helping to minimise time to market and maximise competitive advantage.

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With support from Computacenter, we were able to accelerate our adoption of cloud services. The new datacenter provides Deloitte with an agile IT environment that will support the business and our client base as they continue to grow.

Dr. Dietmar Schlößer, CIO  
Deloitte

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Enabling our people to be productive and effective is at the heart of our digitisation efforts. It doesn't just impact how we work, but how we interact with others and the devices that we use.

**Dave Sherry**  
Head of IT at Visa Europe

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# VISA TRANSFORMS IT SUPPORT

Visa Europe wanted to adopt a more digitised approach to providing IT support services to its users in multiple geographies. As well as introducing new delivery channels and self-service options, the company wanted to make it easier for employees to access IT support while on the move. With a diverse user base, Visa Europe needed a flexible solution that would not only encourage employee engagement when resolving IT issues but also increase service desk efficiency.

As part of Visa Europe's IT transformation strategy they signed up to Computacenter's Next Generation Service Desk (NGSD) offering. NGSD, which went live to 3,400 users in 25 locations in April 2015, provides a consumer-like, user-centric experience with anytime, anywhere IT support delivered via an intuitive portal. A development hothouse and tailored employee communications helped maximise awareness and adoption, with more than 1,700 visits made to the NGSD portal on day one.

NGSD has transformed IT support at Visa Europe, encouraging users to embrace digital channels and self-service options. In the space of a week, online interactions with the service desk went from zero to 40 per cent. These interactions included more than 200 online chats, which contributed to a drop in call volumes of 25 per cent. By providing a richer, more user-centric support experience, Visa Europe will be able to increase employee productivity and engagement with IT issues and queries being resolved more quickly and effectively.



**Steve Rayner**  
Group Service Innovation  
Director, Computacenter

The move to digital has gained pace and is now the top priority for our customers. NGSD is being developed to enable users further by the addition of a 'consumer like' request experience using what is known about the role and individual to pre-select products and auto-authorise. Customers are increasingly impressed with the NGSD Mobile App, enabling the support experience to travel with their employees. The broad adoption of NGSD into multiple business types reinforces this need to provide a great digital user experience across our entire market.



**Pierre Hall**  
Director of Solutions,  
Computacenter

Throughout the last year, we have concentrated our strategy on two pivots. Firstly, we are successfully deploying our mobility solution to our clients who are using the platform to deliver critical digital front line customer engagement and services. Secondly, we are ensuring that our Enterprise Mobility solution keeps pace with the rapid change taking place with our key technology vendors in the mobile solutions marketplace.



Computacenter works with us to achieve our goals. By optimising our IT systems and services, we can ensure the best outcomes for our staff and patients.

**James Longmore**  
ICT Director for Worcestershire Acute Hospitals NHS Trust



Digitalisation is changing the nature of the NHS and healthcare services across the UK. To enable greater efficiency and better patient care, Worcestershire Acute Hospitals NHS Trust wants to make patient data more accessible for its clinicians at the point of care.

To help prepare its IT infrastructure for a digital age, Worcestershire Acute Hospitals NHS Trust, which delivers services to 550,000 people, partnered with Computacenter.

# MAKING SMARTER DIGITAL CHOICES

The trust has signed a shared five-year Managed Services contract, which covers user and infrastructure support for more than 9,000 NHS employees across 160-plus sites, including eight hospitals and 66 GP surgeries.

Computacenter is also helping Worcestershire Acute Hospitals NHS Trust transform its datacenter operations and virtualise and mobilise workplace IT. This will help facilitate new digital initiatives, such as an electronic prescribing and administration system that will provide staff with access to clinical apps at the point of care.

Computacenter will draw on its industrialised processes and proven methodologies to streamline core IT services, such as problem, asset, capacity, security and build management, as part of the contract.

Thanks to the partnership, NHS hospitals, health centres and GP surgeries in Worcestershire will be able to provide a more responsive and efficient service to thousands of patients.

# INFORMATION SECURITY



Computacenter is actively engaged in the delivery of Managed Security Services and extensive Security Consultancy to its customers across Europe. However, we rarely detail the specific services we provide and how they relate to individual customers due to the sensitive nature of these services, the importance of Computacenter's role in the prevention of cyber attacks for these customers, and our desire to avoid any scenario that could potentially compromise our customers' security.

Therefore, in preference to a direct customer case study we have looked instead to an external validation of our portfolio of Managed and Consultancy Security services from the German analyst house Experton Group, who have commented:



Computacenter sees security as an integral part of its portfolio – not only in the product and consulting business, but also in managed services. Computacenter ensures that the security aspect is included in all areas. Being a one-stop-shop, customers don't need to buy services from third parties, but Computacenter integrates them directly in its solutions. This is not based on a particular manufacturer, but the best solution is always selected for the respective purpose. Experton Group considers this approach to be absolutely correct. Computacenter could therefore position itself in six of seven categories in the leader quadrant, which reaffirms its strong competitive position on the market.

Experton Group, Analyst House Germany  
[Security Vendor Benchmark 2016]



Our continued investment in the development of new and enhanced cyber security offerings for our managed service and consultancy customers is a strategic imperative for Computacenter; it reflects our philosophy of putting security at the heart of every service we design, implement and manage.



**Jan Müller**  
Solution Director of  
Security, Computacenter

The information security market has witnessed a sudden and significant shift from delivering purely preventative solutions to those focused on detection and reaction. Only those organisations who successfully implement measures to prevent, detect and quickly react to security threats across the entire IT infrastructure – from the core to the edge – will be able to mount a robust defence against cyber attacks.

At Computacenter we're embracing this market shift, developing tailored security services for both Professional and Managed Services, all of which are continually evolving to meet the latest customer needs.

# OUR PERFORMANCE

## FINANCIAL PERFORMANCE

The Group's adjusted revenues<sup>1</sup> increased by 5.5 per cent in constant currency<sup>2</sup> to £3,054.2 million, and decreased by 0.3 per cent in actual currency<sup>2</sup> (2014: £3,063.3 million).

The Group's adjusted profit before tax<sup>1</sup> has increased by 9.9 per cent in constant currency<sup>2</sup> to £86.9 million, and by 7.2 per cent in actual currency<sup>2</sup> (2014: £81.1 million). As a result of the increase in the Group's overall profitability and the share consolidation which took place on 20 February 2015, adjusted diluted earnings per share<sup>1</sup> increased by 21.1 per cent to 53.4 pence for the year.

The Group made a statutory profit before tax of £126.8 million, an increase of 66.0 per cent in actual currency<sup>2</sup>, having been significantly enhanced by the disposal of the Group's subsidiary, RDC, during the year. This resulted in the Group's statutory diluted earnings per share increasing by 105.3 per cent to 82.1 pence in 2015.

In 2015, the Group reported a net gain of £41.1 million from exceptional items. The Group's onerous contracts have performed ahead of expectations throughout the year. The exceptional cost of the French Social Plan has increased by £1.5 million, from £9.1 million in 2014, to £10.6 million in 2015.

## SERVICES PERFORMANCE IN 2015

The Group's adjusted Services revenue<sup>1</sup> increased by 6.0 per cent on a constant currency<sup>2</sup> basis to £990.3 million, and was up by 0.8 per cent in actual currency<sup>2</sup> (2014: £982.1 million). The UK Services business continued its recent trend of top-line growth, principally driven by the significant Managed Services wins it achieved in 2014, and good levels of activity and utilisation across its Professional Services business. The volume of wins in 2014 presented the UK business with a major challenge for 2015, relating to the take on of a number of significant Managed Services contracts. We are pleased to report that these contracts have been taken on successfully, both from a service quality and financial perspective. The UK Services business win rate in 2015 has been a little quiet when compared with its performance over the previous three years. As a result, we expect that its revenue performance in 2016 will also be more modest than in recent times.

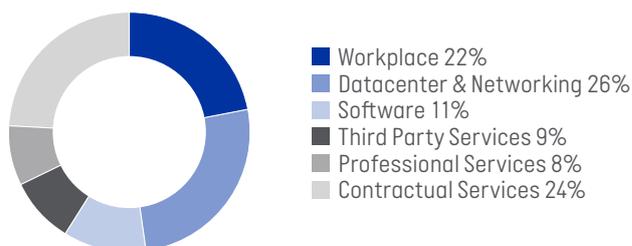
2015 represented a breakthrough year for Computacenter in Germany's Services growth rate, with high single-figure revenue growth for the first time following the implementation of Group governance standards and processes in 2013. We anticipate that the level of Services wins achieved in the second half of 2015 should allow this rate of growth to continue in 2016. The standard and financial performance of business take-on seen in the UK was replicated in Germany, with one exception in Germany for which a provision for future forecasted losses has been taken within the Group's 2015 results.

The Services revenue decline in France was expected following the loss of a small number of Services contracts towards the end of 2014. The service quality delivered by our French business improved materially through 2015, along with a corresponding improvement in customer satisfaction. There remains significant work to do in order to transition the French business towards being more Services-led, which is necessary to ensure that the business generates financial returns acceptable to the Group. A lack of volume across its Services business has resulted in margin pressures through low utilisation of the French central engines, and in order to ease these in the short-term we are focusing relentlessly on cost management. In respect of the longer-term, we continue to use targeted investment to enhance our brand and sales capability in this area.

The pipeline for Services opportunities that we will be bidding for in 2016 continues to be strong in Germany, more exciting in the UK than was the case twelve months ago, and in France we have a small number of well-developed and important opportunities.

The Group now has annual Services revenues of nearly £1 billion, and a large proportion of this is generated by our Managed Services contracts. As we have previously outlined in our 2015 Interim Results, it should be noted that across the Group's Managed Services portfolio, there is inevitably a variance in the level of financial performance dependent on the stage that each contract is at in its lifecycle, with margins generally improving as contracts mature. During 2015, there has been an unusual timing of contract lifecycles, which is unlikely to be repeated in future years, and which has resulted in an overall benefit to the Group's adjusted profit before tax<sup>1</sup> performance during 2015 of approximately £3 million.

Group revenue by business type (%)





Over the past few years,  
Computacenter has increased its  
investment made through the P&L  
to maintain organic growth.



### SUPPLY CHAIN PERFORMANCE

The Group's adjusted Supply Chain revenue<sup>1</sup> was up by 5.2 per cent on a constant currency<sup>2</sup> basis at £2,063.9 million, and decreased by 0.8 per cent in actual currency<sup>2</sup> [2014: £2,081.2 million]. Following a decent start to 2015, the Supply Chain business performance in the UK was below Management's expectation, especially in the fourth quarter of the year where volumes were down on the comparative period in 2014. The UK Supply Chain revenue performance has seen a major shift away from the Workplace, as many Windows 7 projects were completed, towards an increasing spend in Datacenter. The German Supply Chain business delivered substantial growth across all areas, producing its highest rate of growth since 2011. Its revenue increase of 17.5 per cent in constant currency<sup>2</sup> undoubtedly took market share. There was an expected decline in our French Supply Chain volumes as the business continues to exit mid-market, low-margin generating business, and takes targeted action to increase its mix of Datacenter and Networking related product sales.

As we move into 2016, Supply Chain opportunity remains focused on Datacenter and Networking. With a view to the longer term, there will be many pilot projects focused on Windows 10 which we would expect to drive the market in 2017 and beyond.

### CASH AND RETURN OF VALUE

Cash flow was again strong during 2015. Net funds<sup>4</sup> increased £1.6 million from £119.2 million at 31 December 2014 to £120.8 million at 31 December 2015. However, this was impacted by the Return of Value and the disposal of RDC which had a net cash outflow of £43.2 million during the year as detailed in the table on page 46.

The Return of Value, as announced by the Group on 2 February 2015, was the Company's third significant one-off Return of Value to shareholders, and the second such transaction in two years. Approximately £98 million was returned to shareholders during 2015, being 71.9 pence for every share held in the Company as at the close of trading on 19 February 2015. As part of the transaction, an associated share capital reorganisation took place on 20 February 2015, whereby every 17 ordinary shares of 6<sup>2</sup>/<sub>3</sub> pence each in the Company were effectively consolidated into 15 ordinary shares of 7<sup>5</sup>/<sub>9</sub> pence each [the Share Consolidation].

### DIVIDEND

Ahead of changes to dividend taxation which will take effect on 6 April 2016, we are pleased to announce a second interim dividend for 2015 (the Second Interim Dividend) of 15.0 pence per share, in lieu of a final dividend for 2015. The Second Interim Dividend will be paid on 5 April 2016.

The dividend record date is set on Thursday 24 March 2016, and the shares will be marked ex-dividend on Wednesday 23 March 2016. This has been agreed with the London Stock Exchange, given that these dates fall outside its normal dividend procedure timetable.

Following the payment of a first interim dividend for 2015 of 6.4 pence per share on 16 October 2015, the total dividend per share for 2015 will be 21.4 pence per share. The total dividend per share for 2014 was 19.8 pence

per share for those shares in existence immediately after the Share Consolidation. The Board has consistently applied the Company's Dividend Policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times. Further detail on the Company's Dividend Policy can be found with the Finance Director's report on page 45.

### INVESTMENT

Over the past few years, Computacenter has increased investment made through the P&L to maintain its organic growth. This was the case in 2015, and we will increase this level of investment further in 2016. During the period, we saw the first deployments of our Next Generation Service Desk (NGSD) offering into several customer environments. The early signs are most encouraging with users quickly embracing and using the portal to self-serve across a number of their needs.

Our investments in 2016 will focus on our NGSD, Mobility, Cloud and Security offerings. In addition, we will increase investment in our internal systems to improve the productivity of our Services resources, particularly to enable our field force with technology. We will incur an additional P&L cost of approximately £1 million in property rental payments, as well as a capital expenditure spend of £3 million as we refurbish our London Blackfriars freehold property. We have now vacated this building and will operate in temporary office accommodation for the majority of the year.

### OUTLOOK

Due to the highly cash generative nature of our business and despite approximately £242 million of cash being distributed to shareholders over the last three years, it is likely that by the end of 2016 Computacenter's Net Funds<sup>4</sup> will be at record levels.

We are encouraged by the momentum we have in our German business going into 2016. The pleasing performance in France in 2015, while unlikely to accelerate in the short term, should be repeated.

The UK will have a more challenging year, particularly in the first half. Services revenue will decline in 2016 due to the expiry of a large contract at the end of the first quarter of 2015 and the large volume of business take-on last year creating a challenging comparison, coupled with the one-off £3 million gain highlighted in our Interim Statement in 2015.

We intend to increase the rate of spend on our strategic investments, which will be weighted towards the first half of the year, as we invest in our long-term competitive advantage through our income statement.

While it is too early to make any firm commitments on the year as a whole and there is much work to be done, we expect 2016 to be a year of further progress. However, it is worth making clear that the effects referred to above will impact the phasing of our profit delivery and mean that the first half profit is expected to be below that reported for the same period in 2015.

The Company remains committed to long-term earnings per share growth through increased profitability and prudent use of our cash generation.

# UNITED KINGDOM



**Kevin James**  
Managing Director,  
UK

## FINANCIAL PERFORMANCE

The performance of the UK business was variable. We managed to maintain the pace of Services revenue growth seen in recent years, despite the loss of a significant contract. However, the performance of our Supply Chain business was below Management's expectations, particularly during the second half of the year.

Adjusted revenue<sup>1</sup> in the UK business increased by 2.6 per cent to £1,407.4 million [2014: £1,372.4 million]. Adjusted operating profit<sup>1</sup> decreased by 2.3 per cent to £59.3 million [2014: £60.7 million], whilst statutory profit before tax increased by 66.4 per cent to £101.7 million [2014: £61.1 million].

## SERVICES PERFORMANCE

Adjusted Services revenue<sup>1</sup> grew by 7.7 per cent to £532.4 million [2014: £494.2 million], which represents continued progress against the strong Services revenue growth achieved by the UK business in recent times. As we have previously reported, this performance has been impacted by the ending of a significant long-term Managed Services contract in 2015 following a strategic decision to in-source by the customer. However it should be noted that the UK's 2015 adjusted profit before tax<sup>1</sup> also benefited by £3 million from the unusual timing of contract lifecycles which is previously referred to on page 30. In 2015, the UK business saw growth across its Services business, with a revenue increase of 7.1 per cent in Managed Services and 9.6 per cent in adjusted Professional Services<sup>1</sup>.

In Managed Services, we have had a very busy year of contract renewals, many of which have been renewed by the customer prior to the end of their initial term. We believe that this reflects the quality of service that the business continues to provide for its customers.



The business continues to be positively recognised for its levels of service quality in independent customer service satisfaction surveys carried out by each of KPMG LLP and the Whitelane Research Group.



Importantly, we have successfully renewed our Managed Support Services agreement with Computacenter's largest customer, for whom we also continue to deliver significant Professional Services business, including a large Workplace transformation service.

As is often the case, the significant number of Managed Services contracts renewed in 2015 has placed downward pressure on revenue and margins. The business has been able to offset much of the financial impact of this through the successful take on of those Managed Services contracts won in 2014. Despite some new in-year Managed Services wins, the rate and materiality of these was not as high as in 2014. We expect that this will result in a more modest Services revenue performance in 2016, and we have a number of initiatives underway to mitigate the financial impact of this through Services contribution improvement.

There is a solid Managed Services pipeline in place for 2016, which will provide an opportunity for the business to return to higher rates of Services revenue growth in 2017. A number of the significant Managed Services opportunities available to the business over the next two years will be in major central government departments across Computacenter's core capabilities. We are confident that references from our successful on-boarding of, and large service transitions from, wins from 2014 will prove invaluable in addressing these opportunities.

The UK business continues to be positively recognised for its levels of service quality in independent customer service satisfaction surveys carried out by each of KPMG LLP and the Whitelane Research Group during the year. In respect of the latter, we were placed first for end-user services, and additionally in second position for overall customer satisfaction.

During the year, our Professional Services business saw an increase in demand for transformation solutions, with projects becoming larger and business critical for its customers. A strong performance in our Datacenter Supply Chain business has driven revenue growth in excess of 40 per cent in our Professional Services business across core infrastructure technologies, offsetting the expected decline in Professional Services activity on Windows 7. We believe that this demonstrates that we have built a solutions business with firm foundations which is delivering infrastructure solutions, balanced across the corporate enterprise. 2015 saw another record year for Professional Services volumes.



**SUPPLY CHAIN PERFORMANCE**

Adjusted Supply Chain revenue<sup>1</sup> remained broadly flat at £875.0 million (2014: £878.2 million), following growth of 11.0 per cent in 2014. The period saw an interesting shift in spend across our customer base away from Workplace, as we saw an expected decline in Windows 7 migration projects driving an overall market reduction of PC shipments. Our product business mix has continued to move towards Datacenter and Networking as we begin to see a trend towards Mobility, Cloud, Analytics and Security drive growth across our portfolio. However, there remains a reasonable pipeline in our Workplace business, partially driven by the impact of Windows 10, with many customers engaged in trials and proof of concept projects. The impact, in terms of related projects being delivered by the business, is not likely to be felt until the end of 2016 at the earliest. The move in our Supply Chain mix towards the Datacenter area has been fuelled predominantly by the IT industry's move closer towards Hybrid Cloud and virtualised infrastructure solutions. This assisted our Datacenter business in performing very strongly in 2015, building on the momentum it generated in 2014.

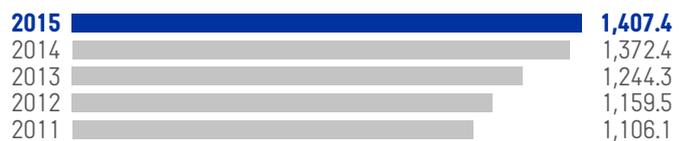
**Kevin James**  
Managing Director, UK

11 March 2016

**Adjusted revenue<sup>1</sup> (£m)**

**1,407.4**

+2.6%



**Adjusted operating profit<sup>1</sup> (£m)**

**59.3**

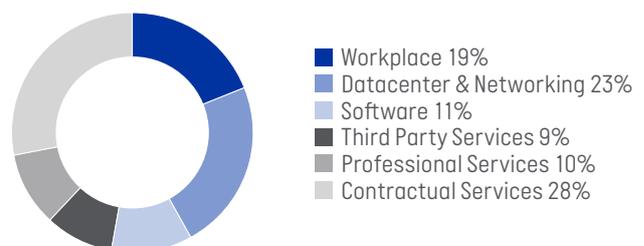
-2.3%

**Services contract base (£m)**

**312.4**

-6.5%

**UK revenue by business type [%]**



# GERMANY



**Reiner Louis**  
Managing Director,  
Germany

## FINANCIAL PERFORMANCE

The German business performed well in 2015, driven by a strong Supply Chain performance and solid Services growth. We believe that we have been able to gain market share in our chosen market segments and that our recent wins, particularly in Managed Services, should support future growth across our business.

Total revenue increased by 14.1 per cent on a constant currency<sup>2</sup> basis to €1,651.9 million (2014: €1,448.3 million), and by 2.8 per cent in actual currency<sup>2</sup>. Adjusted operating profit<sup>1</sup> for the German business, which excludes the three onerous contracts, increased by 13.6 per cent in constant currency<sup>2</sup> to €37.7 million (2014: €33.2 million), and by 2.2 per cent in actual currency<sup>2</sup>. Statutory profit before tax increased by 5.3 per cent in constant currency<sup>2</sup> to €36.0 million (2014: €34.2 million), and decreased by 4.7 per cent in actual currency<sup>2</sup>.

## SERVICES PERFORMANCE

Services revenue grew by 7.4 per cent in constant currency<sup>2</sup> to €522.5 million (2014: €486.7 million), and decreased by 3.2 per cent in actual currency<sup>2</sup>. This included growth of 9.4 per cent in Professional Services and 6.6 per cent in Managed Services, both on a constant currency<sup>2</sup> basis.

Whilst the volume of Managed Services business generated from our existing customer base has increased, our growth was largely driven by new wins. These new wins came not only from sectors where the business traditionally generates high levels of activity, such as the automotive and aviation industry, but notably also from areas such as financial services. We have also completed a number of important renewals, such as the renewal and expansion of a major existing contract with an international insurance company based in Munich. There will be a number of further renewal opportunities for our Managed Services business to address in 2016. The successful take-on of Managed Services contracts in 2015 reflects the significant progress that has been made by the business in this area following the implementation of the Group Operating Model in 2013. The one exception to this is a Service Desk contract that started in 2015 and which has proven challenging and, as a result, was loss-making over the year. This loss-making position is expected to continue in 2016, albeit at a lower level, and a provision has been taken in the Group's operating results to cover these losses as currently forecasted by Management. Our Managed Services pipeline remains strong, with a number of contracts won, but not yet on-boarded, and a number of new opportunities to be pursued in 2016.

Following a weak first half of the year, our Professional Services business produced a strong performance in the second half of 2015. This was driven by a number of new project wins and an increase in activity from our existing customer base. Professional Services activity during the year was dominated by Cloud Building, SAP Hana, the refreshing of customer networking infrastructure and Security. We have also seen customers take their first steps towards Windows 10, with Proof of Concepts (PoC) and testing for future Workplace infrastructure upgrades. There has generally been a scarcity of Professional Services resource available during the period, and whilst the business has a number of initiatives in place to mitigate against this issue, it is likely that this will remain the case in 2016.

## SUPPLY CHAIN PERFORMANCE

The German Supply Chain business has performed strongly over the year, achieving revenue growth of 17.5 per cent on a constant currency<sup>2</sup> basis to €1,129.4 million (2014: €961.6 million), and by 5.8 per cent in actual currency<sup>2</sup>. Although year-on-year revenue growth was seen across all areas of our Supply Chain business, the rates of growth across our Networking & Security and Datacenter businesses are worthy of particular note.

In Networking, we have strengthened our customer base and increased our market share. This has been driven by new business wins in our major customer base, and a strong performance on framework contracts won in 2014. We have seen particularly strong growth across the Core Networking refresh, Cloud Building and Security infrastructure sub-segments. In Datacenter, we have benefited from our Cloud Building strategy and also from the growth of SAP Hana infrastructure installations.



**The German business performed well in 2015, driven by a strong Supply Chain performance and solid Services growth.**



New wins of x86 server contracts in our public sector and international customer bases have also made an important contribution to growth. In Workplace, we have managed to grow our business despite the fact that the overall market in Germany has contracted. This was driven by our capability around mobile, and new wins of overall Workplace framework contracts.

Our Supply Chain business has benefited from the 'pull-through' associated with an increase in our Managed Services customer base during the year. Supply Chain margins were slightly lower than last year due to the increased volume sizes of new business won, and also the large number of renewals. We see ongoing demand for infrastructure refreshes in Networking and also new cloud infrastructure building, which will support future Datacenter and Networking growth. Early adoption of Windows 10 will support our Workplace business, although we expect that demand for this will most likely impact activity levels in 2017.



**Reiner Louis**  
Managing Director, Germany

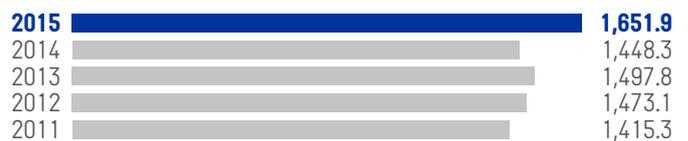
11 March 2016



### Revenue (€m)

# 1,651.9

+14.1%



### Adjusted operating profit<sup>1</sup> (€m)

# 37.7

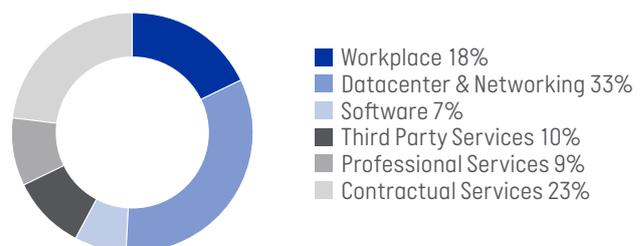
+13.6%

### Services contract base (€m)

# 365.3

+10.0%

### Germany revenue by business type (%)



# FRANCE

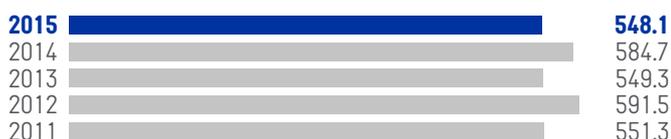


**Lieven Bergmans**  
Managing Director,  
France

## Revenue (€m)

# 548.1

-6.3%



## Adjusted operating loss<sup>1</sup> (€m)

# -2.2

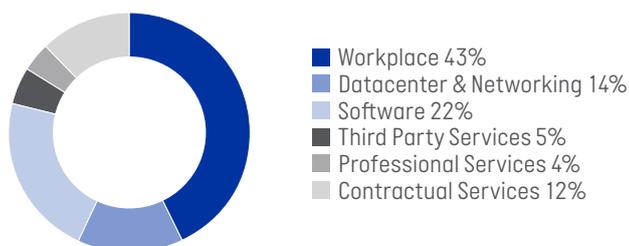
-80.0%

## Services contract base (€m)

# 80.2

+9.0%

## France revenue by business type [%]



## FINANCIAL PERFORMANCE

The Group's French business has performed ahead of Management's expectations in 2015, as we started to see the benefit of the sustained transformational and restructuring activity carried out in 2014. There has been a gradual, but consistent, improvement during the year in the financial performance of the business, and it enjoyed a particularly strong fourth quarter of 2015 in Supply Chain. Whilst progress has been made by the business during the year, there remains significant work to do to transition the business towards being more Services focused, with a business model more aligned to the Group's other principal entities in the UK and Germany, which have consistently demonstrated good financial returns. Computacenter in France is on a journey which will require substantial change and focus in order to achieve an acceptable return on capital.

Total revenue for the French business decreased in constant currency<sup>2</sup> by 6.3 per cent to €548.1 million (2014: €584.7 million), and by 15.5 per cent in actual currency<sup>2</sup>. It should be noted that this reduction was principally as a result of taking action to move the business away from low margin, working capital intensive business, and to focus on the Group's target market. This has resulted in improved product gross margins. We continue to manage our cost base robustly which has resulted in a substantial reduction in administrative expenses.

During the reporting period, the adjusted operating loss<sup>1</sup> reduced in constant currency<sup>2</sup> by 80.0 per cent to €2.2 million (2014: €11.0 million), and decreased by 81.8 per cent in actual currency<sup>2</sup>. The statutory loss before tax reduced by 80.8 per cent on a constant currency<sup>2</sup> basis to €4.5 million (2014: €23.4 million), and by 82.5 per cent in actual currency<sup>2</sup>, as the business incurred a significantly lower level of exceptional charges than was the case in 2014.

## SERVICES PERFORMANCE

Services revenue declined by 10.1 per cent in constant currency<sup>2</sup> to €86.8 million (2014: €96.5 million), and by 18.8 per cent in actual currency<sup>2</sup>.

Whilst Computacenter in France continues its journey to lead with its Services business, we have continued to suffer from the loss of a small number of Services contracts during 2014. The number of contract wins in 2015 was relatively small as our focus was on improving service delivery capability. As a result, Managed Services revenues declined by 10.3 per cent in constant currency<sup>2</sup>, and Professional Services revenues by 9.4 per cent.

Increasing our Managed Service contract base remains fundamental to improving the French business performance, and the visibility and predictability of that performance. During the year, we have further implemented the Group Operating Model structure and aligned our Managed Services business to a Group function to enable it to leverage the Group's tools and best practices in this area.



**In 2015 we have finalised the implementation of the Group Operating Model into our French business.**



In the first half of 2015, the Group opened a Global Services Desk in Montpellier, which was designed and is operated in accordance with our industrialised Group processes. It is integrated with Computacenter's 14 other Service Desk locations around the world. This interconnected approach allows us, for example, to deliver our Airbus Service Desk language requirements from three locations: for German in Berlin, French in Montpellier and other languages in Barcelona.

We continue to make improvements in the overall level of Service delivery we provide to customers. In a 2015 study by the Whitelane Research Group, measuring the performance of 20 outsourcing providers in France, Computacenter in France was ranked first for customer satisfaction in end-user Managed Services contracts.

In order to increase the competitiveness of our Field Maintenance business which is sub-scale, uncompetitive and significantly loss making, and in line with current trends in the French IT Services market, we have decided to enter into discussion with staff representatives (works council and safety committee) to consider launching a project to outsource the delivery of Field Maintenance Services to channel partners who aggregate these types of services across France.

The development of our Professional Services business continues, and we remain focused on acquiring specialist skills in Datacenter transformation services, such as the automation and orchestration of Cloud Management Platform solutions to reflect the market changes that are taking place.

We have industrialised our internal work processes and aligned our sales specialist team with our Professional Services delivery organisation. In line with the Group's strategy, we continue to focus our effort and resource in Professional Services on Security, Mobility, Networking and transformation towards Hybrid Cloud. We anticipate that the arrival of Windows 10 will generate new opportunities for us to implement updated Workplace strategies for our customers.

### SUPPLY CHAIN PERFORMANCE

In 2015, Supply Chain revenue declined by 5.5 per cent in constant currency<sup>2</sup> to €461.3 million (2014: €488.2 million), and by 14.8 per cent in actual currency<sup>2</sup>. Our focus in this area has been predominantly based on increasing the focus of the business on our core customer base, improving the product mix of the Supply Chain business and reducing the working capital utilised in this area.

The continuing refinement of our governance processes for high-volume product bids has made a significant contribution to the improvement of Supply Chain margins during the year. It has also enabled the reduction of Supply Chain working capital investment, improved service levels and reduced penalty payments for failure to meet service level requirements.

Although the Supply Chain business mix has moved closer to that seen across our businesses in the UK and Germany, towards Datacenter and Networking, further progress is still required and we will continue to invest, as appropriate, to achieve this.

### 2016 PRIORITIES

In 2015, we finalised the implementation of the Group Operating Model into our French business, and thus have aligned our business model more closely with the Group's UK and German businesses. We will continue to follow our strategy and concentrate our sales efforts towards large customers with a focus on our Services capability. We will also focus on further improving the product mix in our Supply Chain business whilst maintaining robust bid governance and working capital management.

As a result of the implementation of the Group Operating Model in the French business, we now have the capacity to leverage the Group's capability for Managed and Professional Services in France, including its NGSD, Security, Mobility and Cloud capabilities. Additionally, we will continue to use the Group's global coverage as a competitive advantage in our local French market as has already been demonstrated with a large Managed Services win in 2014, currently the Group's largest Managed Services contract.

**Lieven Bergmans**  
Managing Director, France

11 March 2016

# BELGIUM

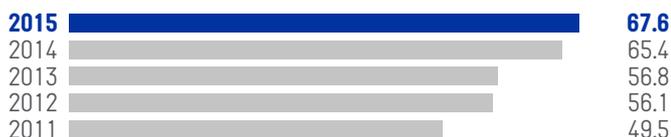


**Jurgen Strijkers**  
Managing Director,  
Belgium

## Revenue (€m)

**67.6**

+3.4%



## Adjusted operating profit<sup>1</sup> (€m)

**2.8**

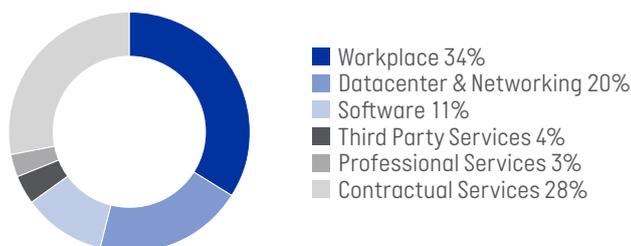
+7.7%

## Services contract base (€m)

**22.1**

+12.2%

## Belgium revenue by business type (%)



## FINANCIAL PERFORMANCE

The Group's Belgian business has performed well in 2015 and continues to generate solid top-line growth in constant currency<sup>2</sup>. Total revenue increased by 3.4 per cent in constant currency<sup>2</sup> to €67.6 million (2014: €65.4 million), and decreased by 6.8 per cent in actual currency<sup>2</sup>. Adjusted operating profit<sup>1</sup> grew by 7.7 per cent in constant currency<sup>2</sup> to €2.8 million (2014: €2.6 million), and decreased by 4.8 per cent in actual currency<sup>2</sup>. Statutory profit before tax increased by 8.7 per cent in constant currency<sup>2</sup> to €2.5 million (2014: €2.3 million), and decreased by 5.3 per cent in actual currency<sup>2</sup>. At the beginning of Q4 2015 the Belgian business went live on the Group's ERP and related systems. The system transition was implemented successfully, without any material impact on levels of customer service delivery. The implementation of these improved systems and the Group Operating Model will enable the Belgian business to benefit from Group capabilities, which should assist it in pursuing future growth opportunities.

## SERVICES PERFORMANCE

In 2015, total Services revenue reduced by 5.8 per cent in constant currency<sup>2</sup> to €21.2 million (2014: €22.5 million), and by 14.9 per cent in actual currency<sup>2</sup>. This reduction was mainly driven by customer renewals and service transformation of our Managed Services, where by using Group capabilities which we were able to reduce the total cost of ownership for a number of our customers.

During the year, there has been a significant focus on underpinning our future Services contract revenue base through the renewal of our existing Managed Services contracts. This has included the renewal of an end user Managed Services contract with UCB for a further three years, following an open market tender process. The business has also renewed its end user and infrastructure Managed Services contract with Baloise Insurance for an additional three-year period. Following a year in which a focus on renewals has been our overriding priority, there are a number of significant Managed Services contract opportunities in our current pipeline. Our Supply Chain and Professional Services capabilities, particularly in consulting, have enabled the business to win a number of infrastructure projects in 2015. These included the implementation of IT infrastructure for our customer, Wabco, at their new offices.

## SUPPLY CHAIN PERFORMANCE

Supply Chain revenue increased by 8.2 per cent in constant currency<sup>2</sup> to €46.4 million (2014: €42.9 million), decreasing by 2.6 per cent in actual currency<sup>2</sup>. Whilst competition remains strong in the local market we continue to benefit from the loyalty of our customer base.

**Jurgen Strijkers**  
Managing Director, Belgium

11 March 2016

# MAXIMISING SHAREHOLDER VALUE

In 2015, Computacenter improved both statutory and adjusted profit before tax<sup>1</sup> on the back of the effective implementation of new contracts in the UK, strong Supply Chain performance in Germany and the initial improvements from our ongoing re-focus and Group Operating Model implementation in our French business.

## REVENUE

Adjusted revenue<sup>1</sup> for the Group fell by 0.3 per cent to £3,054.2 million (2014: £3,063.3 million). On a constant currency<sup>2</sup> basis turnover growth was 5.5 per cent, reflecting the strength of the Pound Sterling against the weaker Euro.

Statutory revenue for the Group, including the results of RDC for all of 2014 and for January 2015, fell 1.6 per cent from £3,107.8 million to £3,057.6 million.

## OPERATING PROFIT

Adjusted operating profit<sup>1</sup> for the Group has increased 7.9 per cent to £87.1 million (2014: £80.7 million). On a constant currency<sup>2</sup> basis the increase was 10.5 per cent.

The German segment was a key growth factor for the Group this year with an increase in adjusted operating profit<sup>1</sup> of 13.6 per cent in constant currency<sup>2</sup> and 2.2 per cent in actual currency<sup>2</sup>. Last year's growth engine, the UK, saw a slight decrease of 2.3 per cent in adjusted operating profit<sup>1</sup>. The segment driving the overall adjusted operating profit<sup>1</sup> growth was France, which reduced its adjusted operating loss<sup>1</sup> by 80.0 per cent in constant currency<sup>2</sup> from €11.0 million to €2.2 million, and by 81.8 per cent in actual currency<sup>2</sup>. The Group's statutory operating profit of £85.2 million is 11.2 per cent higher than in 2014.

## PROFIT BEFORE TAX

Adjusted profit before tax<sup>1</sup> increased by 7.2 per cent from £81.1 million to £86.9 million, or 9.9 per cent in constant currency<sup>2</sup>.

After taking account of exceptional items, primarily the exceptional gain on disposal of RDC of £42.2 million, the increased cost of the 2014 restructuring programme in France (Social Plan) and the improving outlook for the German onerous contracts, statutory profit before tax improved by 66.0 per cent from £76.4 million to £126.8 million.

## PROFIT FOR THE YEAR

The adjusted profit for the year<sup>1</sup> increased 10.4 per cent to £67.1 million at reported rates (2014: £60.8 million), an increase of 13.0 per cent at constant currency<sup>2</sup> rates. The statutory profit for the year increased by £48.0 million to £103.1 million (2014: £55.1 million).

A reconciliation between key adjusted and statutory measures is provided on page 40 of this Group Finance Director's Review. Further details provided in note 3 to the Financial Statements, segment information.

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The Group remains highly cash generative and net funds<sup>4</sup> continue to build on the Group balance sheet, which helps to maximise shareholder value.

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## RECONCILIATION FROM STATUTORY TO ADJUSTED MEASURES FOR THE YEAR ENDED 2015

	Statutory results £'000	Adjustments				Adjusted results £'000
		RDC £'000	CSF interest £'000	Utilisation of deferred tax £'000	Exceptionals and others £'000	
<b>Revenue</b>	<b>3,057,615</b>	(3,448)	-	-	-	<b>3,054,167</b>
Cost of sales	(2,654,468)	2,773	(340)	-	-	(2,652,035)
<b>Gross profit</b>	<b>403,147</b>	(675)	(340)	-	-	<b>402,132</b>
Administrative expenses	(315,380)	355	-	-	-	(315,025)
<b>Operating profit:</b>						
<b>Before amortisation of acquired intangibles and exceptional items</b>	<b>87,767</b>	(320)	(340)	-	-	<b>87,107</b>
Amortisation of acquired intangibles	(1,553)	-	-	-	1,553	-
Exceptional items	(1,029)	-	-	-	1,029	-
<b>Operating profit</b>	<b>85,185</b>	(320)	(340)	-	2,582	<b>87,107</b>
Exceptional gain on disposal of a subsidiary	42,155	-	-	-	(42,155)	-
Finance revenue	1,598	-	-	-	-	1,598
Finance costs	(2,171)	-	340	-	-	(1,831)
<b>Profit before tax</b>	<b>126,767</b>	(320)	-	-	(39,573)	<b>86,874</b>
<b>Income tax expense:</b>						
Before exceptional items	(23,605)	72	-	4,045	(314)	(19,802)
Exceptional items	(52)	-	-	-	52	-
<b>Profit for the year</b>	<b>103,110</b>	(248)	-	4,045	(39,835)	<b>67,072</b>

## RECONCILIATION FROM STATUTORY TO ADJUSTED MEASURES FOR THE YEAR ENDED 2014

	Statutory results £'000	Adjustments				Adjusted results £'000
		RDC £'000	CSF interest £'000	Utilisation of deferred tax £'000	Exceptionals and others £'000	
<b>Revenue</b>	<b>3,107,759</b>	(44,488)	-	-	-	<b>3,063,271</b>
Cost of sales	(2,697,842)	34,254	(569)	-	-	(2,664,157)
<b>Gross profit</b>	<b>409,917</b>	(10,234)	(569)	-	-	<b>399,114</b>
Administrative expenses	(323,814)	5,432	-	-	-	(318,382)
<b>Operating profit:</b>						
<b>Before amortisation of acquired intangibles and exceptional items</b>	<b>86,103</b>	(4,802)	(569)	-	-	<b>80,732</b>
Amortisation of acquired intangibles	(1,868)	-	-	-	1,868	-
Exceptional items	(7,588)	-	-	-	7,588	-
<b>Operating profit</b>	<b>76,647</b>	(4,802)	(569)	-	9,456	<b>80,732</b>
Finance revenue	1,615	(13)	-	-	-	1,602
Finance costs	(1,844)	-	569	-	-	(1,275)
<b>Profit before tax</b>	<b>76,418</b>	(4,815)	-	-	9,456	<b>81,059</b>
<b>Income tax expense:</b>						
Before exceptional items	(21,115)	1,098	-	-	(238)	(20,255)
Exceptional items	(185)	-	-	-	185	-
<b>Profit for the year</b>	<b>55,118</b>	(3,717)	-	-	9,403	<b>60,804</b>

**UNITED KINGDOM**

The UK Segment adjusted revenues<sup>1</sup> grew 2.6 per cent in 2015, increasing to £1,407.4 million [2014: £1,372.4 million]. Adjusted Supply Chain revenues<sup>1</sup> decreased 0.4 per cent consolidating the increased 11.4 per cent growth in 2014. Underlying this broadly flat result is a large decline in Workplace PC shipments as the Windows 7 refresh cycle is largely complete and a material increase in our Datacenter and Networking business. This reflects our ability to respond to the changes in the market driven by the changing nature of our customer priorities. Significant aspects of the Datacenter and Networking growth were driven by the successful take on of several major Managed Services customers which continued to prove the importance of the approach of leading with Services as a driver for Supply Chain growth. Adjusted Services revenues<sup>1</sup> grew 7.7 per cent in 2015, following strong growth of 8.4 per cent in 2014. Within this, Managed Services revenue grew 7.1 per cent as the new contracts that came on stream quickly contributed to top-line growth. As we have previously reported, this performance has been impacted by the ending of a significant long-term Managed Services contract in Q1 2015 following a strategic decision to in-source by the customer. However, it should be noted that the UK's 2015 profit also benefited from £3 million from the unusual timing of contract lifecycles which we previously referred to on page 30. Professional Services in turn generated 9.6 per cent in adjusted revenue<sup>1</sup> growth with high staff utilisation levels.

Margin rate in the Supply Chain business showed continued strength in 2015 with another small improvement over 2014 and the mix of business moving towards Datacenter and Networking. Services margin reduced slightly from last year mainly due to the expected impact of new Managed Services take-ons, which whilst better than expected, still had a margin dilutive impact. The UK continues to lead the Group in efficiency of delivery on Managed Services customers with the overall margins achieved at a rate which is towards the top of what can be reasonably expected. Total adjusted gross profit<sup>1</sup> rate in the UK has increased slightly from 15.3 per cent to 15.4 per cent of adjusted revenue<sup>1</sup>.

Adjusted administrative expenses rose by 5.6 per cent, reducing from the 7.5 per cent increase in 2014 and 9.8 per cent increase in 2013. The UK segment continues to absorb the majority of the Group's investment costs, as referred to on page 31, through its income statement. Where permissible, certain Group Management and Governance costs are recharged to other Group Segments, however the UK Segment continues to incur the majority of Senior Management and Group Governance costs due to the Group being UK domiciled and will continue to do so going forward as the Group continues to add strength to the team.

Overall this has resulted in a 2.3 per cent decrease in adjusted operating profit<sup>1</sup> from £60.7 million to £59.3 million.

**GERMANY**

German revenue recovered strongly in 2015, in actual currency<sup>2</sup>, increasing by 2.8 per cent to £1,199.6 million [2014: £1,167.1 million]. In constant currency<sup>2</sup> revenue increased 14.1 per cent.

Supply Chain revenue growth was very strong in 2015 at 17.5 per cent on a constant currency<sup>2</sup> basis, 5.8 per cent in actual currency<sup>2</sup> continuing the momentum seen in Q4 2014. Growth was strong across a number of segments with Workplace experiencing growth, even against the backdrop of an overall declining market. This was led by the Networking business line, partly driven by a strong performance on Framework contracts won in 2014.

Services revenues were also strong with 7.4 per cent growth in 2015 on a constant currency<sup>2</sup> basis, a decline of 3.2 per cent in actual currency<sup>2</sup>, with significant impact from both Professional Services and Managed Services. Revenue from existing Managed Services contracts was encouraging, but the overall growth is mainly driven by a number of strategically important new wins. There were further contract wins in 2015 which provides a platform for growth in the year ahead, as these contracts are on-boarded and there is a strong pipeline into 2017. Significantly, the lessons from 2013 have largely been learned with nearly all of the new contracts going through a successful take-on process. One contract has been somewhat disappointing so far, however, work continues to address this issue and based on past experience we are confident that it will be resolved. Our Professional Services business was very strong in the second half of the year, driven by customer focus on Cloud building and Network and Security refreshes in a post Windows 7 rollout world.

The rate at which the Supply Chain business grew through the year inevitably resulted in some margin attrition. The focus for 2016 will be to maintain the volumes seen in 2015 and to slowly rebuild margin expectations across our newly won customer portfolio. Given the challenges within the Professional Services cost base and the inevitable teething problems as new Managed Services contracts come on-stream we are pleased that our Services margins have improved slightly over 2014, indicating the scope for future potential improvements as the German result continues to close the gap on the performance of UK Services margins. Overall adjusted gross profit<sup>1</sup> margin within the German business has decreased from 13.0 per cent in 2014 to 12.3 per cent in 2015, primarily due to the margin dilution within the Supply Chain business.

Administrative expenses have increased by 6.6 per cent in constant currency<sup>2</sup> but have fallen 4.0 per cent in reported currency. Overall, the German segment adjusted operating profit<sup>1</sup> increased by 2.2 per cent from £26.8 million to £27.4 million in actual currency<sup>2</sup>, an increase of 13.6 per cent in constant currency<sup>2</sup>.



**FRANCE**

The revenue in the French segment decreased by 15.5 per cent to £398.1 million (2014: £471.1 million) during 2015, a decline of 6.3 per cent in constant currency<sup>2</sup>, partly due to a Services business that has not been able to renew and rebuild its contract base. Supply Chain revenue decreased by 5.5 per cent on a constant currency<sup>2</sup> basis, 14.8 per cent decline in actual currency<sup>2</sup>, as the business was much more selective and reduced its focus on low margin high working capital intensive activities, as well as focusing on the Group's core target market of large customers, rather than small and medium-sized customers. Whilst we have made some progress to align the product mix in France, more towards the more balanced Workplace, Datacenter and Networking lines of business, there is still substantial further progress required in this area. Services revenues reduced by 10.1 per cent in 2015 in constant currency<sup>2</sup>, 18.8 per cent in actual currency<sup>2</sup> with both Managed Services and Professional Services similarly impacted. The Managed Services contract losses in 2014 have not been offset by the small number of wins achieved in 2015.

Services gross profit in 2015 has been impacted throughout the year by the weak growth in demand for our Professional Service business where revenue reduced by 9.4 per cent on a constant currency<sup>2</sup> basis, 18.7 per cent in actual currency<sup>2</sup>. This exacerbates the continuing capacity utilisation issues seen since 2013, which results in the French service margins being significantly lower than those across the rest of the Group.

Similar issues are now being seen in the Managed Services business through the lack of wins in 2015, and apart from a small number of significant opportunities, the pipeline is generally fairly weak, this will continue to impact Services gross margin in 2016, albeit, there should be a small improvement on 2015. Customer service levels remain high, resulting in Computacenter France being ranked first for Customer Satisfaction for End-User Managed Services contracts, by the Whitelane Research Group.

Significant investment is being made in both areas to reposition the business to deliver a higher quality of service to customers in our target market. This is evidenced by the opening of the Global Services Desk in Montpellier, our intention to restructure the sub-scale Field Maintenance business and the alignment of the Professional Services business to the wider Group Operating Model.

Gross margins in the Supply Chain business have increased throughout 2015 as the quality of product mix has improved with significant demand for Datacenter solutions in Q4 2015. This has materially increased the contribution rate of the Supply Chain business.

Overall gross margin increased from 6.7 per cent to 8.1 per cent approaching levels last achieved in 2013.

Administrative expenses decreased by 7.9 per cent on a constant currency<sup>2</sup> basis, 17.0 per cent in actual currency<sup>2</sup>. In 2014 there was an additional charge of €2 million to provide for doubtful debts and disputes on the sales ledger at the end of 2014. Due to the efforts in cleansing the sales ledger and the recovery of overdue balances through 2015, €1.4 million of this additional provision has now been released back through the administrative expenses line. Ignoring the impact of this provisioning activity, administrative expenses has been largely flat with natural increases offset by the benefit from the French Social Plan and the ongoing business transformation which continues to take costs out of the business to improve both the competitiveness and long-term return to profitability. An additional cost of £1.5 million in implementing the Social Plan has been recorded as an exceptional item in 2015.

Overall, the adjusted operating loss<sup>1</sup> in actual currency<sup>2</sup> for France has decreased from £8.8 million in 2014 to £1.6 million in 2015.

**BELGIUM**

Revenue decreased by 6.8 per cent to £49.1 million (2014: £52.7 million) but increased by 3.4 per cent in constant currency<sup>2</sup>. Supply Chain revenue increased 8.2 per cent on a constant currency<sup>2</sup> basis, a decline of 2.6 per cent in actual currency<sup>2</sup>, rebuilding the business to 2012 levels when it saw a very significant one-off Supply Chain order from one customer. This is especially pleasing as the customer base has broadened and become more international thereby reducing the opportunity for future revenue declines to be related to large individual customers.

Services revenue declined by 5.8 per cent on a constant currency<sup>2</sup> basis, a decline of 14.9 per cent in actual currency<sup>2</sup>, during 2015. There was significant success in renewing existing contracts to underpin the contract base going forward, however, this has resulted in reduced Services revenue due to further contract efficiencies made for these long-term customers.

Whilst Services margin declined during the year, partly as a result of renewal margin pressures, as noted above, the product margin increased during the year, which offset the decline in Services contribution. This has resulted in an overall increase in gross profit for Belgium from 11.6 per cent in 2014 to 12.7 per cent in 2015.

Administrative expenses increased 18.0 per cent in constant currency<sup>2</sup>, 4.9 per cent in actual currency<sup>2</sup>, primarily due to take-on costs as the business moved fully onto the Group ERP system and the Group Operating Model that it underpins. The transition was implemented smoothly with no material adverse customer impact. Overall there has been a 4.8 per cent decrease in reported adjusted operating profit<sup>1</sup> from £2.1 million in 2014 to £2.0 million in 2015, a 7.7 per cent increase in constant currency<sup>2</sup>.

TABLE 1: ADJUSTED REVENUE<sup>1</sup> (£M)

	Half 1 £m	Half 2 £m	Total £m
2013	1,403.8	1,626.4	3,030.2
2014	1,435.4	1,627.9	3,063.3
<b>2015</b>	<b>1,438.0</b>	<b>1,616.2</b>	<b>3,054.2</b>
2015/14	0.2%	-0.7%	-0.3%

TABLE 2: ADJUSTED PROFIT BEFORE TAX<sup>1</sup> (£M)

	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
2013	24.4	1.7%	53.6	3.3%	78.0	2.6%
2014	25.6	1.8%	55.5	3.4%	81.1	2.6%
<b>2015</b>	<b>29.1</b>	<b>2.0%</b>	<b>57.8</b>	<b>3.6%</b>	<b>86.9</b>	<b>2.8%</b>
2015/14	13.7%		4.1%		7.2%	

TABLE 3: ADJUSTED REVENUE<sup>1</sup> BY COUNTRY (£M)

	2015			2014		
	Half 1	Half 2	Total	Half 1	Half 2	Total
UK	688.7	718.7	1,407.4	652.5	719.9	1,372.4
Germany	535.4	664.2	1,199.6	526.5	640.6	1,167.1
France	189.8	208.3	398.1	230.9	240.2	471.1
Belgium	24.1	25.0	49.1	25.5	27.2	52.7
Total	1,438.0	1,616.2	3,054.2	1,435.4	1,627.9	3,063.3

TABLE 4: ADJUSTED OPERATING PROFIT<sup>1</sup> BY COUNTRY (£M)

	2015					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	22.9	3.3%	36.4	5.1%	59.3	4.2%
Germany	8.5	1.6%	18.9	2.8%	27.4	2.3%
France	(3.0)	(1.6%)	1.4	0.7%	(1.6)	(0.4%)
Belgium	1.1	4.6%	0.9	3.6%	2.0	4.1%
Total	29.5	2.1%	57.6	3.6%	87.1	2.9%

	2014					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	22.5	3.4%	38.2	5.3%	60.7	4.4%
Germany	7.8	1.5%	18.9	3.0%	26.7	2.3%
France	(5.6)	(2.4%)	(3.2)	(1.3%)	(8.8)	(1.9%)
Belgium	1.0	3.9%	1.1	4.0%	2.1	4.0%
Total	25.7	1.8%	55.0	3.4%	80.7	2.6%

**NET FINANCE COSTS**

Net finance costs amounted to £0.6 million on a statutory basis in the period (2014: £0.2 million) and were impacted by a number of one-off items including historical extended credit interest charges for Computacenter Germany of £0.3 million that were previously unbilled by a vendor. In addition, finance charges were impacted by the final interest charges relating to the unwind of the discount on the deferred consideration for the purchase of Damax AG for £0.7 million which was finalised and agreed in June 2015. These one-off costs have been partially offset by higher than normal interest charges paid by French government customers for overdue receivables.

On an adjusted basis, prior to the interest on Customer Specific Financing (CSF), net finance costs were £0.2 million in 2015 (2014: £0.3 million income).

**CUSTOMER SPECIFIC FINANCING**

In certain circumstances, the Group enters into customer contracts that are financed by leases or loans. The leases are secured only on the assets that they finance. Whilst the outstanding balance of CSF is included within the net funds<sup>4</sup> for statutory reporting purposes, this balance is offset by contracted future receipts from customers.

Whilst CSF is repaid through future customer receipts, Computacenter retains the credit risk on these customers and ensures that credit risk is only taken on customers with a strong credit rating.

The Group does not expect a material increase in the level of CSF facilities, partly as the Group applies a higher cost of finance to these transactions than customers' marginal cost of finance.

**TAXATION**

The adjusted tax<sup>1</sup> charge on ordinary activities was £19.8 million (2014: £20.3 million), on an adjusted profit before tax<sup>1</sup> of £86.9 million (2014: £81.1 million). The effective tax rate (ETR) was 22.8 per cent (2014: 25.0 per cent). The 2015 ETR is lower than the previous year due to a change in geographic split of adjusted profit before tax<sup>1</sup> with significantly lower losses in France being the primary influence.

The statutory tax charge was £23.7 million (2014: £21.3 million) on profit before tax of £126.8 million (2014: £76.4 million). This represents a statutory tax rate of 18.7 per cent (2014: 27.9 per cent). The exceptional gain on the sale of RDC of £42.2 million recorded in the statutory profit before tax for the year ended 31 December 2015 is not subject to taxation and is the major reason for the movement in the statutory tax rate.

The Group's adjusted tax rate continues to benefit from losses utilised on earnings in Germany and also from the reducing corporation tax rate in the UK. As the German tax losses continue to be utilised, the deferred tax asset, previously recognised as an exceptional tax item, is no longer replenishing. The utilisation of the asset impacts the statutory tax rate but is considered to be outside of our adjusted tax<sup>1</sup> measure. In 2015 this impact increased the statutory tax rate by 3.2 per cent.

From 2017 onwards the Group expects an increasing adjusted tax<sup>1</sup> rate as the impact of the German loss utilisation manifests itself through an increasing cash tax payment. In 2016, the German adjusted ETR<sup>1</sup> is expected to increase to circa 22 per cent from circa 15 per cent in 2015 increasing to, and settling at, circa 32 per cent in 2018 with a direct effect on the Group adjusted ETR<sup>1</sup>. At 2015 levels of profitability the increase in German cash tax would raise the 2015 Group adjusted ETR<sup>1</sup> from 22.8 per cent to 27.8 per cent by 2018.

A Group Tax Policy was produced during the year and approved by the Audit Committee and the Board. The Group makes every effort to pay all the tax attributable to profits earned in each jurisdiction that it operates in. The Group does not artificially inflate or reduce profits in one jurisdiction to provide a beneficial tax result in another and maintains approved transfer pricing policies and programmes, to meet local compliance requirements, particularly given the implementation of the Group Operating Model. Virtually all of the statutory tax charge in 2015 was incurred in either the UK or German tax jurisdictions. Computacenter will recognise provisions and accruals in respect of tax where there is a degree of estimation and uncertainty, including where it relates to transfer pricing, such that a balance cannot fully be determined until accepted by the relevant tax authorities. There are no material tax risks across the Group.

The table below reconciles the statutory tax charge to the adjusted tax charge for the year ended 31 December 2015.

	2015 £'000	2014 £'000
<b>Statutory tax charge</b>	<b>23,657</b>	21,300
Adjustments to exclude:		
Utilisation of German deferred tax assets	<b>(4,045)</b>	–
Tax on amortisation of acquired intangibles	<b>314</b>	238
Tax on exceptional items	<b>(52)</b>	(185)
RDC	<b>(72)</b>	(1,098)
<b>Adjusted tax charge</b>	<b>19,802</b>	20,255
<b>Statutory ETR</b>	<b>(18.7%)</b>	(27.9%)
<b>Adjusted ETR</b>	<b>(22.8%)</b>	(25.0%)

**EXCEPTIONAL ITEMS**

A gain from net exceptional items in the year of £41.1 million was recorded (2014: a net loss of £7.6 million).

The principal item was the gain on the sale of RDC of £42.2 million. The sale occurred on 2 February 2015 with cash proceeds net of disposal costs of £59.8 million.

Further Social Plan provisioning in France of £1.5 million was required during the year. Whilst costs incurred against the existing level of the Social Plan provision have been at an expected level, further redundancy scope has been added to the Social Plan during the year with un-forecasted additional support to certain employees within the plan. An additional provision for legal costs of £0.4 million is included within this and has been made due to pending litigation stemming from appeals lodged by some employees within the plan. Further detail on these claims can be found in note 24 to the Financial Statements on page 123.

A release from the onerous contracts provision in Germany has been made for £0.4 million. This represents better than forecast performance over the year from the two remaining contracts resulting in less utilisation of the provision than planned. The initial contractual period for the two remaining contracts finishes in 2016.

**EARNINGS PER SHARE**

The adjusted diluted earnings per share<sup>1</sup> has increased in line with profit performance by 21.1 per cent from 44.1 pence in 2014 to 53.4 pence in 2015. The statutory diluted earnings per share has increased from 40.0 pence in 2014 to 82.1 pence in 2015, primarily driven by the impact of the gain on disposal of RDC.

	2015	2014
<b>Basic weighted average number of shares (excluding own shares held) (no. '000)</b>	<b>122,948</b>	135,985
Effect of dilution:		
Share options	2,655	1,784
Diluted weighted average number of shares	<b>125,603</b>	137,769
<b>Statutory profit attributable to equity holders of the parent (£'000)</b>	<b>103,110</b>	55,117
Basic earnings per share (pence)	<b>83.9</b>	40.5
Diluted earnings per share (pence)	<b>82.1</b>	40.0
<b>Adjusted profit for the year<sup>1</sup> attributable to equity holders of the parent (£'000)</b>	<b>67,072</b>	60,803
Adjusted basic earnings per share <sup>1</sup> (pence)	<b>54.6</b>	44.7
Adjusted diluted earnings per share <sup>1</sup> (pence)	<b>53.4</b>	44.1

**DIVIDENDS**

The Board has consistently applied the Company's Dividend Policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times adjusted diluted earnings per share<sup>1</sup>. In 2015 the cover was 2.5 times (2014: 2.5 times).

The Group remains highly cash generative and net funds<sup>4</sup> continues to build on the Group balance sheet. Computacenter's approach to capital management is to ensure that the Group has a robust capital base and to maintain a strong credit rating whilst aiming to maximise shareholder value. If further funds are not required to be available for investment within the business, either for fixed assets or working capital support, and the distributable reserves are available in the Parent Company, we will aim to return the additional cash to investors through one-off Returns of Value. Dividends are paid from the standalone balance sheet of Computacenter Plc, and as at 31 December 2015, the distributable reserves are approximately £166.7 million.

Ahead of changes to dividend taxation which will take effect on 6 April 2016, we are pleased to announce a second interim dividend for 2015 (the Second Interim Dividend) of 15.0 pence per share, in lieu of a final dividend for 2015. The second interim dividend will be paid on 5 April 2016.

The dividend record date is set on Thursday 24 March 2016, and the shares will be marked ex-dividend on Wednesday 23 March 2016. This has been agreed with the London Stock Exchange, given that these dates fall outside its normal dividend procedure timetable.

Following the payment of a first interim dividend for 2015 of 6.4 pence per share on 16 October 2015, the total dividend per share for 2015 will be 21.4 pence per share. The total dividend per share for 2014 was 19.8 pence per share for those shares in existence immediately after the Share Consolidation.

**CAPITAL MANAGEMENT**

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

**NET FUNDS<sup>4</sup>**

Net Funds<sup>4</sup> have increased from £119.2 million at the end of 2014 to £120.8 million as at 31 December 2015. In addition to the final 2014 dividend paid in June 2015 of £15.8 million and the interim 2015 dividend paid in October 2015 of £7.7 million, the Group had a net cash outflow arising from the disposal of RDC and the Return of Value of £43.2 million.

	£'000
<b>Net Funds<sup>4</sup> as at 31 December 2014</b>	<b>119,197</b>
Less: RDC cash as at 31 December 2014	<b>(489)</b>
Total consideration received in cash and cash equivalents	<b>59,974</b>
Less: cash and cash equivalents disposed of	<b>(3,829)</b>
Proceeds from disposal of RDC, net of cash disposed of	<b>56,145</b>
RDC disposal costs	<b>(176)</b>
Net cash inflows arising from RDC disposal after disposal costs and cash disposed	<b>55,969</b>
Return of Value	<b>(97,916)</b>
Expenses on Return of Value	<b>(753)</b>
Total cash outflow from Return of Value	<b>(98,669)</b>
Net impact of disposal of RDC and Return of Value	<b>(43,189)</b>
Other cash flows in the year	<b>46,579</b>
Non-cash flow movements	<b>(175)</b>
Exchange differences	<b>(1,624)</b>
<b>Net Funds<sup>4</sup> as at 31 December 2015</b>	<b>120,788</b>

The Group had no material borrowings outside of CSF leases and loans.

The Group continued to deliver strong cash generation from its operations in 2015, with net cash flow from operating activities of £93.9 million [2014: £94.4 million].

During the year material improvements were made in the collection of overdue debt within the French business. The Finance Shared Service Centre in Budapest has standardised and focused cash collection processes and cleansed a number of issues stemming from the poor ERP implementation in 2013. This, coupled with the disruption from the Social Plan implementation which led to backlogs preventing the timely processing of transactions, impacted cash collection and payment of invoices. Along with a drive from Senior Group Management the legacy collection and system related invoicing issues are now understood and have been largely resolved. The French debt balance overdue by more than 60 days has decreased to under £4.6 million at 31 December 2015 from £17.6 million at 31 December 2014.

In the year we spent £20.6 million [2014: £17.7 million] on capital expenditure, primarily on investments in IT equipment in our business and software tools, to enable us to deliver improved service to our customers.

Whilst the cash position remains robust, the Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £47.8 million at 31 December 2015, an increase of £9.2 million from 31 December 2014. This improvement in credit terms has been in operation since 2009 and whilst the continuation of these terms is not guaranteed and can be withdrawn at any time, the terms are generally available to all material partners of that significant vendor.

CSF decreased in the year from £9.3 million to £5.9 million. CSF remains low compared to historical levels due to a decision to restrict this form of financing in light of the current credit environment and reduced customer demand.

The Group's Net Funds<sup>4</sup> position takes account of current asset investments of £15 million.

Net Funds<sup>4</sup> excluding CSF decreased from £128.5 million to £126.7 million by the end of the year.

## FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group enters into hedging transactions, principally forward exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. As the Group continues to expand its global reach and benefit from lower cost operations in certain geographies such as South Africa, it has entered into forward exchange contracts to help manage cost increases due to currency movement. The Group's policy remains that no speculative trading in financial instruments shall be undertaken.

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

### Interest rate risk

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

### Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements.

The Group's positive net funds<sup>4</sup> position was maintained throughout 2015, and at the year-end was £126.7 million excluding CSF, and £120.8 million including CSF.

Due to strong cash generation over the past three years, the Group is currently in a position where it can finance its requirements from its cash balance, and the Group operates a cash pooling arrangement for the majority of Group entities.

During 2013 the Group entered into a specific committed facility of £40.0 million for a three-year term which was to expire in May 2016. In February 2015 this facility was extended at the same value through to February 2018.

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

CSF facilities are committed.

### Foreign currency risk

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

The Group has been increasingly successful in winning international Services contracts where services are provided in multiple countries. The Group aims to minimise this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2015, the Group recognised a gain of £1.2 million (2014: loss of £0.3 million) through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

The Group reports its results in Pounds Sterling. The strengthening of Sterling, particularly against the Euro has impacted the 2015 adjusted operating profit<sup>1</sup> by circa £2 million.

### Credit risk

The Group principally manages credit risk through the management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter.

There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in note 3 to the Financial Statements consists of entities under the control of the UK Government. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.

### GOING CONCERN

As disclosed in the Directors' Report, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly they continue to adopt the Going Concern basis in preparing the consolidated Financial Statements.

### Fair balanced and understandable

The UK Corporate Governance Code includes a requirement for the Board to consider whether the Annual Report and Accounts are 'fair, balanced and understandable' and 'provides the information necessary for shareholders to assess the Group's performance, business model and strategy.'

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



**Tony Conophy**  
Group Finance Director

11 March 2016

# DOING BUSINESS RESPONSIBLY

**Computacenter is committed to carrying out business responsibly. In accordance with the 10 core principles of the United Nations Global Compact (UNGC), upon which the Group bases its approach to responsible corporate behaviour, we are focused on three main areas – our people, the environment and the wider community. In 2009, the Group published its first Communication on Progress (CoP) on the UNGC website. We will again do so in respect of the progress we have made in 2015. This will shortly be available at [www.computacenter.com/investors](http://www.computacenter.com/investors).**

Our first area of focus is to ensure that, in the workplace environment, the Group appropriately supports, develops and protects its people. This includes ensuring that the Group's practices are compliant with human rights and employment legislation wherever it does business, and that it has policies and training in place to protect our people from breaching the law and the standards that we expect from them, in the course of their duties. In 2015, a new Group-wide Code of Ethics was designed to reflect the growth of our business across additional geographies, and this is in the process of being rolled out to all Group employees. The organisation continues to make clear its zero-tolerance approach to Bribery and Corruption, and continues to review, and where necessary update, our policies and processes in this area.

We are focused on reducing the environmental impact of our activities, particularly in respect of the Group's carbon emissions. In 2015, we have been reminded of the importance of this area as a number of our employees, suppliers and customers have been affected by increasingly volatile weather conditions seen across the UK. Whilst it is likely that emissions will increase at an absolute level as



**Mike Norris**  
Chief Executive  
Officer

the Group continues to grow, we are resolute in our determination that progress made in recent years to reduce the level of emissions per employee will continue. I am pleased to report that our level of carbon emissions in 2015 was down 6.3 per cent per employee on the same measure for 2014. There remains more that the Group can do in this area, and we will continue to review how this can be achieved.

The Group's third area of focus is the contribution that it makes to the wider community in which it operates. Our approach in this area has always been that the societies and communities which provide our employees, contractors, suppliers and business partners themselves make an indirect, but important contribution towards the Group's success, and it is important that Computacenter continues to give something back to these communities where it can. Additionally, it is increasingly the case that our existing and prospective customers view activity in this area as one of the determinant factors in where they wish to place their business. Therefore, not only is making an appropriate contribution in this area the right thing to do for the wider community, it is the right thing to do for our business.

The Group also take steps to ensure that the approach of those in its Supply Chain is compatible with that taken by the Group, and that they operate in a socially responsible manner. As a result of the progress we have made in this area, the Group has been reawarded its membership of the 'FTSE for Good Index' for 2016.

A handwritten signature in black ink, appearing to read 'Mike Norris', written over a white background.

**Mike Norris**  
Chief Executive Officer

11 March 2016



One of our highest priorities is to make sure that, in the workplace environment, our people are supported, protected, developed and suitably recognised for the contribution they make.



## UNGC 10 CORE PRINCIPLES

Category	Principles
<b>Human Rights</b>	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	ensure that they are not complicit in human rights abuses.
<b>Labour Standards</b>	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	
Principle 7	Businesses should support a precautionary approach to environmental challenges; and
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-corruption</b>	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

## OUR PEOPLE

Computacenter has always recognised that people matter. Alongside our customers, they are fundamental to the long-term success of our business. One of our highest priorities is to make sure that, within the workplace environment and in fulfilling their role, they are supported, protected, developed and also suitably recognised for the contribution that they make to the organisation.

## SUPPORTING OUR PEOPLE

The process to support our employees in understanding the Group's culture starts from the moment they join us. They are required to complete a comprehensive induction course which outlines our values and, amongst other things, our approach to Health & Safety, Anti-Bribery and Corruption and our ethical standards. Employees also receive an in-depth local induction relating to their specific place of work. Our ability to support our employees, once in their day-to-day role, is facilitated through our engagement process. In 2014, alongside the implementation of its Group Operating Model into its main operating subsidiaries, Computacenter carried out its first Group-wide survey to find out what things are important to our employees. In 2015, the Group's Executive Committee reviewed the results of this, and plans were put in place to deal with significant

issues raised. As the Group-wide survey will take place every two years the business has conducted a smaller 'pulse' survey in 2015 to review how things have progressed in the interim 12-month period. Employee engagement also takes place through the existence of employee forums and councils across our main operating geographies.

We provide our employees with a safe and healthy work environment. Within our main operating geographies, we employ dedicated Occupational Health Specialist teams that work with staff on health issues, and provide education on well-being activities. Our 'Talk to the Expert' webinar provided for employees covers most elements of health and well-being, including education on how to balance work and home life, and managing stress. Computacenter in the UK has a strong partnership with the charity MIND UK, and there is a programme of education in place for the Group's Management team, in order to support them in recognising and managing stress and mental health issues within their teams. During the year, the Group funded a significant number of its employees to take part in the Global Corporate Challenge through which they were able to join a team of colleagues to compete internally and externally, with their levels of physical activity over a 100-day period measured and recorded.

In 2015, Computacenter in Germany was deemed a 'top employer' for the fourth time by the German Top Employers institute. Talent strategy, HR planning, employee on-boarding, training and development, performance management, executive development, career and succession planning, compensation and benefits and corporate culture were all considered during the process.

### PROTECTING OUR PEOPLE – HEALTH & SAFETY

It is the Group's policy that, as far as is reasonably practicable, a working environment is created and maintained which does not pose an undue risk to the health and safety of our employees, customers, suppliers, sub-contractors, visitors and members of the public. Our approach to health and safety is based on the identification and control of hazards. The prevention of all incidents, particularly those involving personal injury and damage to equipment or property remains a priority, and additionally near miss investigations are carried out to avoid similar occurrences and to maintain the efficient operation of the business. All of our employees are made aware of the importance of health and safety and contribute to the maintenance of a safe working environment. We promote consultation between employees and managers concerning matters of health and safety and provide the necessary finance, equipment, personnel and time to ensure its implementation and maintenance.

2015 has resulted in a solid health and safety performance driven by an established Health & Safety Management System. We have continued to maintain the Accident Incident Rate (AIR) [i.e. the number of accidents per 1,000 employees], across our main operating geographies to below 2.5 and in the UK and France, the Accident Frequency Rate (AFR) [i.e. number of accidents per 100,000 working hours] to below 1.0.

Average Results for 2015	AIR	AFR
UK	0.63	0.35
Germany	2.49	1.38
France	1.17	0.65

### PROTECTING OUR PEOPLE – CONTROLS, POLICIES AND TRAINING Business Ethics Policy

We abide by a clear Group-wide business ethics code, and are committed to observing the highest ethical standards in the conduct of our business activities. The policy explains what is expected from our employees in this regards and importantly, how they can report any concerns that they have to the business. This whistleblowing process is soon, for the first time, to be run and managed by an independent, external third-party provider. We are committed to building trust and transparency within our business and the

implementation of an independent Whistleblowing line helps to give this both to our employees and to those who we engage with as part of an external business relationship. The Group-wide ethics policy includes provisions concerning personal standards of behaviour and also the way that the Group conducts business such as in respect of avoiding conflicts of interest, prevention of money laundering and ensuring compliance with insider trading and competition law, amongst other things.

### Anti-Bribery and Corruption

The Group has a zero-tolerance approach to Bribery and Corruption, whether committed by employees or anybody else working on our behalf. The high level of integrity with which we want to carry out our business does not vary depending on where we work or who we are dealing with. We continue to develop and refine our policies and processes around Bribery and Corruption as we continue to expand our business into new geographies.

### DEVELOPING OUR PEOPLE

Whilst the Group wants to support its employees, it also wants to do all it can to develop them professionally, so that they can fulfil their potential in the role that they perform for the Group. A Learning and Development team exists to maximise the talent of each individual employee, and support the Group's high-performance culture. It provides a significant range of learning and development support solutions for a full range of business skills and specific business areas, including where individuals are working towards technical accreditations. The learning and development process at Computacenter is supported by line management, through the use of appropriate performance management processes. Development solutions include mentoring and coaching programmes, secondments, workshops, webinars, other on-line learning and the completion of academic or technical courses.

### REWARDING OUR PEOPLE

At Computacenter, we offer reward packages to deliver a high-performing culture. We benchmark our salaries annually against our industry to ensure that we remain competitive. For a portion of the workforce, remuneration is weighted towards variable pay, to align individual performance to the value they deliver for the business and the overall Group strategy. There are processes in place to ensure that we remain legally compliant on remuneration related legislation across all of our operating countries. Recognition is also part of the overall package for employees at Computacenter. Our people are recognised when they continually display our 'Winning Together' values, or perform above and beyond what is required of them. Recognition can come from peers, managers or customers, and is provided in various financial and non-financial forms. We

offer a competitive range of benefits designed to meet the needs of our employees and their families. This includes a contributory pension scheme, life assurance, permanent health insurance, the option to purchase shares in selected geographies and an employee assistance programme.

### ENCOURAGING DIVERSITY IN OUR PEOPLE

We recognise that having a breadth of views within our organisation, from people who think, act and approach things differently, can only improve the performance of our business. Our approach to diversity aims to recognise, respect and value people's differences, and promote an inclusive culture where an individual, no matter what their background, can work at and progress through our organisation based purely on their ability to perform the role which they have. The Group is committed to promoting a working environment where everyone is treated with respect and dignity, and in which any form of intimidation, bullying or harassment is not tolerated in any way. We believe that we need people who have different skills and aptitudes in order to function effectively as an organisation. All of the Group's policies and processes are designed to be inclusive of diversity, and also disability. The Group has an Occupational Health department which works with any employee with a disability to make sure that they have the physical and work-related support that they need.

### OUR SUPPLY CHAIN

We have taken a thorough approach to embedding corporate responsibility throughout our supply chain. With the Modern Slavery Act now in force in the UK, further review work on our supply chain is underway in this area and is planned throughout 2016. We aim to support our business by working with a diverse set of suppliers. When selecting who we want to work with, we ensure that our terms of engagement are clear and transparent, and such terms support both our Group values and our wider Corporate Social Responsibility objectives. We are committed to the promotion of equality of opportunity and diversity, and we build relationships with organisations which support and adopt similar principles. Our initial supplier selection process is carried out by way of a comprehensive supplier take-on questionnaire, which includes areas such as financial stability, adherence to the UNGC 10 core principles, Human Rights, Working Standards, Working Security, the Environment, Anti-Bribery and Corruption and Supply Chain responsibility. In summary, we look for diverse, ethical, financially stable counter-parties with whom we can do business.

### OUR ENVIRONMENT

Computacenter is committed to improving the environmental impact of its business activities. Our customers, employees and others with whom we do business with in the UK have faced increasingly volatile and extreme weather during 2015, creating significant risks to their safety and property. It has brought into focus our ambition to increase energy efficiency across Computacenter. We continue to take many small steps, such as the continuing roll out of low energy LED lighting across our UK business. We continue to monitor our CO<sub>2</sub> emissions in the UK and nine other countries where Computacenter has business activities, and invest in more energy efficient technologies. There is a cap set in place in the UK with regards to the Carbon Emissions levels for vehicles that are included within our 'Green Fleet' programme. As a result, the average CO<sub>2</sub> emitted per UK vehicle has continued to reduce from 168g/km in 2009 to 114g/km in 2015, representing a 32 per cent reduction.

We train and communicate with our employees to improve their awareness of environmental matters as part of our established Environmental Management System, registered to ISO 14001:2004.

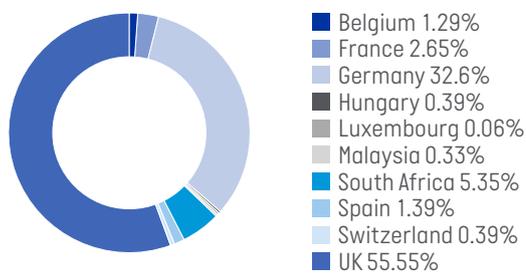
Computacenter plc mandatory greenhouse gas emissions reporting	Methodology	Recent UK- based emission reduction projects include:												
<p>Global greenhouse gas (GHG) emissions data for period 1 January to 31 December 2015</p> <p>Emissions = Metric Tonnes of CO<sub>2</sub>e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>5,191</td> <td><b>3,565</b></td> </tr> <tr> <td>Scope 2</td> <td>22,856</td> <td><b>21,230</b></td> </tr> <tr> <td>Total</td> <td>28,047</td> <td><b>24,795</b></td> </tr> </tbody> </table> <p>Scope 1 = Combustion of fuel and refrigerants usage</p> <p>Scope 2 = Electricity, heat, steam and cooling purchased for own use</p> <p><b>Group's chosen intensity measurements:</b> Emissions as reported above, 8.11 metric tonnes per £m value of Group revenue: [-10.08% 9.02 metric tonnes in 2014].</p> <p>Emissions as reported above 1.92 per Group employee: [-6.3% 2.05 in 2014].</p> <p>We are pleased to report a 12% reduction of the total emissions compared to the results of 2014. Part of this reduction was due to the sale of our wholly owned subsidiary RDC. This is a positive achievement during the continued expansion of our Global activities.</p>	Year	2014	2015	Scope 1	5,191	<b>3,565</b>	Scope 2	22,856	<b>21,230</b>	Total	28,047	<b>24,795</b>	<p>We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).</p> <p>Emission factors used are from the UK Government's Conversion Factors supplied by Defra.</p> <p>Based on external consultants Excel spreadsheets were further developed internally to include the full requirements to collate the additional emissions such as refrigerants.</p> <p>This activity has been conducted as part of our UK Environment Management System registered to ISO 14001:2004 (EMS 71255).</p> <p>Group properties included in this report are all current locations in the UK, Germany, France, Belgium, Spain, South Africa, Luxembourg, Switzerland, Malaysia and Hungary.</p> <p>We have reported on all of the emission sources required under the Companies Act 2006 [Strategic Report and Directors' Reports] Regulations 2013.</p> <p><b>Limitations to data collection</b> Less than 5% of emissions were estimated or based on an average energy usage per square foot of space occupied.</p>	<p>Installation of four Voltage Optimisation Units saving 7-10% of electricity usage per year.</p> <p>Continued investments in new technology helping reduce emissions in datacenters. The electricity used in the datacenters is circa 55% of the total for the UK. These datacenters host customer's Information Technology in the form of servers thus reducing their carbon footprint however, this increases the emissions for Computacenter as we become the landlord.</p> <p>Investment was also made in the replacement of nine more efficient gas boiler systems located in the UK at the Hatfield and the London offices.</p> <p>During 2015 the UK warehouse lighting was replaced with more energy efficient LED devices.</p> <p><b>Limitations to data collection</b> Less than 5% of emissions were estimated or based on an average energy usage per square foot of space occupied.</p>
Year	2014	2015												
Scope 1	5,191	<b>3,565</b>												
Scope 2	22,856	<b>21,230</b>												
Total	28,047	<b>24,795</b>												
Scope 1/2/3	This data is available for the UK and is reported annually in the Carbon Discloser Project reports for both the Investors and supply chain requirements.													
Energy Efficiency Scheme (CRC) [CRC8804716]	The UK continues to fully comply with this scheme, registered as a participant.													
Packaging Waste Regulation	Via the compliance company Paperpak, the UK is registered as a distributor of product ensuring full compliance since 2000.													
ISO 14001:2004 [EMS 71255]	The EMS of the UK has been registered to this standard since 2003.													
Energy Savings Opportunity Scheme (ESOS)	The EMS of the UK has been registered to this standard since 2003.													



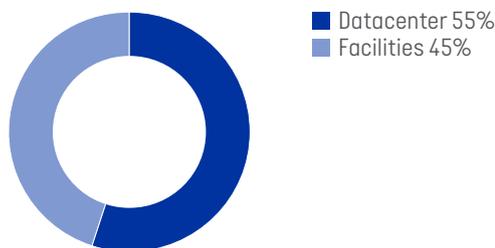
**Simon Pereira**  
Company Secretary

The chart below shows how the emissions are split by country showing the percentage:

**Emissions = 24,795 Metric Tonnes of CO<sub>2</sub>e**



The chart below shows how the UK Energy Usage is divided by percentage:



**OUR CONTRIBUTION TO THE COMMUNITY**

Computacenter wants to make a positive contribution in the communities in which it operates. Outlined below is a summary of a number of initiatives undertaken by Computacenter. The Group’s contribution in this area is primarily focused on providing opportunities to all for employment and education.

In respect of employment opportunities our UK business is now involved in supporting the Career Transition Partnership, the aim of which is to provide support for people leaving the Royal Navy, Royal Air Force or the Royal Marines, with resettlement support, career transition advice and training opportunities. The partnership is the official provider of Armed Forces Resettlement, and Computacenter is in the first phase of the programme it offers, actively posting its jobs to ex-military personnel. In Montpellier, where the Group has relatively recently established a Group Service Desk, we have established a partnership with the local employment agency to provide employment opportunities to those not currently working.

Our French business has continued its partnership with Aide et Action, to provide support for schooling of children who are forced into child labour due to their circumstances. A number of our UK employees have officially trained as ambassadors for the Herts Chamber of Commerce, under its ‘People Like Me’ campaign. They will now run official activities with schools local to our Head Office in Hatfield, to encourage girls to get into technology and science based activities. We have put together in the UK a School Outreach Programme with seven local academic partners, and this will include employability workshops, interview skills, guest speakers on apprenticeships and local careers fairs. We have launched our University CampusLink initiative connecting us with students and careers teams at over 45 universities in the UK, which includes provision of career advice, interview and assessment centre practice, and guest lectures on IT and our Future Talent programmes.

Our German business has run blood donation campaigns during the year in conjunction with the Red Cross. Computacenter’s Management and the ‘Works Council’ of the German business have jointly decided to donate €50,000 to support refugee integration projects. The projects will be selected in 2016 from suggestions made by our German employees.

**Simon Pereira**  
Company Secretary

11 March 2016



**1. Greg Lock**  
**Non-Executive Chairman and**  
**Chairman of the Nomination**  
**Committee**

Age: 68  
 Committee Membership: N, R  
 Board Member Attendance: 9/9

Greg is a Non-Executive Director of United Business Media plc. He has more than 45 years' experience in the software and computer services industry, including seven years as Chairman of Kofax plc and four years as Chairman of SurfControl plc. From 1998 to 2000, he was General Manager of IBM's Global Industrial sector. Greg also served as a member of IBM's Worldwide Management Council and as a governor of the IBM Academy of Technology.

**2. Mike Norris**  
**Chief Executive Officer**

Age: 54  
 Board Member Attendance: 9/9

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

**3. Tony Conophy**  
**Group Finance Director**

Age: 58  
 Board Member Attendance: 9/9

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

**4. Peter Ogden**  
**Non-Executive Director**

Age: 68  
 Board Member Attendance: 8/9

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

**Committee Membership Key**  
 A – Audit Committee  
 N – Nomination Committee  
 R – Remuneration Committee



**5. Philip Hulme**  
Non-Executive Director

Age: 67  
Board Member Attendance: 9/9

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

**6. Minnow Powell**  
Non-Executive Director and  
Audit Committee Chairman

Age: 61  
Committee Membership: A, N, R  
Board Member Attendance: 9/9

Minnow is a Non-Executive Director and Chairman of the Audit Committee of SuperGroup Plc and was a Director and chaired the Audit Committee of Tui Travel Plc from 2011 to 2014. Minnow spent 35 years with Deloitte where he became a Partner in 1985. He is a Chartered Accountant and was a member of the Auditing Practices Board for six years.

**7. Philip Yea**  
Senior Independent Director  
and Chairman of the  
Remuneration Committee

Age: 61  
Committee Membership: A, N, R  
Board Member Attendance: 4/5

Philip is a Non-Executive Director of Vodafone Group plc, Aberdeen Asian Smaller Companies Investment Trust plc and Greene King plc. He is also a trustee of the Francis Crick Institute.

He has significant previous Executive Management experience, having served as the Chief Executive of 3i Group plc between 2004 and 2009. Prior to this, he was also the Finance Director at Diageo plc, and played a substantial role in the merger to create Diageo in his role as Finance Director of Guinness plc.

**8. Regine Stachelhaus**  
Non-Executive Director

Age: 60  
Committee Membership: A, N, R  
Board Member Attendance: 9/9

Regine is a member of the Board of SPIE Paris and a member of the Supervisory Board of Covestro AG and Covestro Deutschland AG. She has been on the Board of Directors at E.ON SE, a major energy company included in the Eurostoxx 50 index, where she had a broad range of operational responsibilities including for Legal & Compliance, Group Procurement, Group Human Resources and Group IT. Before that, she worked for several years as Vice President, Imaging and Printing Group of HP Germany.



**Greg Lock**  
Non-Executive Chairman

Dear Shareholder,

I am pleased to present Computacenter's Corporate Governance report for the year ended 31 December 2015.

The Board of Computacenter believes that effective governance practices are crucial in underpinning the sustainability of the Group's financial performance and its ability to deliver long-term shareholder value. The Board is therefore committed to the principles of good governance and supports the guidelines contained within the 2014 UK Corporate Governance Code (the Code). The Code is published by the Financial Reporting Council and can be found at [www.frc.org.uk](http://www.frc.org.uk).

This Corporate Governance report outlines and explains the Group's governance policies and practices, and sets out how the Code has been applied during the year ended 31 December 2015. It aims to assist our shareholders in understanding the Group's approach to Corporate Governance. In accordance with the Listing Rules of the United Kingdom Listing Authority, and as a Company listed on the London Stock Exchange, Computacenter is required to review its practices against the provisions set out in the Code. A statement of its compliance with the Code can be found on page 58 of this report.

For ease of reference purposes, the Group has additionally prepared a separate report by reference to each of the Main Principles of the Code explaining how the Group has complied with each of these. This report can be found at [www.computacenter.com/investors](http://www.computacenter.com/investors).

#### **BOARD COMPOSITION**

As the Chairman of the Board, it is important for me to ensure that the Board has the right composition to be effective in discharging its duties to the shareholders of the Company. This includes having the right balance of skills and experience, maintaining a strong level of independence and objectivity, and ensuring that all Directors have a good knowledge of the Group. Each of these factors was central to the decision-making process for the recruitment of the two new Non-Executive Directors to the Board during the year, as set out below.

The changes made to the Board since the 2014 financial year-end, and the process undertaken to facilitate them, have been described and explained in detail within the Nomination Committee report on page 70. In 2015, both Minnow Powell and Philip Yea were appointed as Non-Executive Directors of the Company. Minnow joined the Board with effect from 1 January 2015, and his appointment as a Director was approved by shareholders for the first time at the Company's 2015 Annual General Meeting. We were also pleased to welcome Philip Yea onto the Board with effect from 23 June 2015. Philip brings with him significant public company directorship experience, both in executive and Non-Executive roles. He is a former Finance Director of Diageo plc and Chief Executive

Officer of 3i Group plc, and has held Non-Executive Directorships at, amongst others, Manchester United plc and Vodafone Group plc.

In accordance with the Company's procedure for new Directors, both Philip and Minnow received a full induction, which included meetings with the Chairman of the Board and its Committees, the Group Chief Executive Officer (CEO) and Group Finance Director (FD), the Group Human Resources Director (HR) and the Group Head of Commercial Finance, as well as other selected members of Group Management. During the year, Brian McBride stepped down from his position as the Senior Independent Director of the Company and Remuneration Committee Chairman with effect from 18 May 2015. He has been replaced in both roles by Philip Yea. John Ormerod also stepped down after eight years as a Non-Executive Director and serving as the Chairman of the Company's Audit Committee. I would like to place on record my thanks to both John and Brian for the contribution that they have made to the Group's development.

#### **STRATEGY**

The Board is collectively responsible for providing leadership to and promoting the success of the Group, and for implementing the business model set out and explained on pages 12 and 13 of this Annual Report and Accounts. It is essential for the Board to ensure that the Group has the right strategy in place to drive shareholder value, and to provide appropriate levels of support and challenge to the Executive Management Team. The development of the Group's strategy continues to be discussed at every Board meeting, with an additional annual session dedicated to receiving strategy-related presentations from Group Executive Management. As part of its continuing review of the effectiveness of the Group's strategy and its implementation, the Board has spent significant time reviewing the Group's strategic key performance indicators. As a result, these are now reported on a constant currency<sup>2</sup> basis.



**The Board of Computacenter believes that effective governance practices are crucial in underpinning the Company's ability to deliver long-term shareholder value.**



**BOARD EFFECTIVENESS**

An internal evaluation of the Board and its Committees has now taken place for the reporting period. Further details of the process carried out and the findings of the evaluation can be found on page 59 of this report. After careful consideration of its findings, I am satisfied that the Board continues to function effectively and that its current constitution and range of skills are appropriate to ensure that the long-term interests of the Group and the Company’s shareholders are protected. In order to ensure that this remains the case, prior to the date of this report, the Board additionally reviewed the succession planning arrangements in place for both the Executive and Non-Executive Directors. It also received a presentation from the Group HR Director on how internal talent within the Group immediately below Board level is managed and developed appropriately in the long-term interests of the Group.

I also remain satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level as currently required by the Company. I will continue to assess both of these judgements to ensure that they remain the case on an ongoing basis.

**GOVERNANCE FRAMEWORK**

As it is entitled to do under the Company’s Articles of Association, the Board delegates a number of its responsibilities to Committees so that it may carry out its functions effectively. A diagram of the Board governance structure is set out on this page.

As part of its ongoing review of the Group’s governance procedures and framework, the terms of reference for each of these Committees was reviewed by the Board, and a number of the Group’s policies were reviewed and also amended during the year. The detail and format of information provided to the Board by Management was updated to allow a more effective review of the Group’s trading and financial performance.

**BOARD VISITS**

To assist in developing and updating the knowledge of the Directors of the Group’s business operations, visits to our Group offices overseas are organised for the Board on a regular basis. During the year, the Board held a meeting at the Group’s office in Munich, Germany, where it received presentations from the senior members of the in-country German unit and the Head of the in-country French unit. These focused respectively on the ongoing work of the German Management team to deliver sustainable growth across its Services business, and the recovery plan in France.

**DIVERSITY**

The Board recognises the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the decision-making ability of the Board, thereby increasing its effectiveness. Whilst the Board continues to recognise and monitor the continuing debate around possible future legislation in this area, appointments to the Board will continue to remain primarily based on merit. As at 31 December 2015, the Computacenter Board had one female Non-Executive Director, Regine Stachelhaus, representing 12.5 per cent of the total Board membership.

**SHAREHOLDER ENGAGEMENT**

This Corporate Governance report is intended to give shareholders an understanding of the Group’s corporate governance arrangements and how they operated during the 2015 financial year. The Board remains committed to communicating with our shareholders and, where appropriate, submitting its views and considerations for consultation and feedback. Further details regarding this engagement with our shareholders can be found on page 61 of this report.

In accordance with the Code, with the exception of Philip Yea who will be standing for election for the first time following his appointment to the Board in June 2015, all of the Directors will stand for re-election at the 2016 Annual General Meeting [AGM].



**Greg Lock**  
Non-Executive Chairman

11 March 2016

**Board Committees**



## UK CORPORATE GOVERNANCE CODE – COMPLIANCE STATEMENT

Computacenter is required under the Listing Rules and Disclosure and Transparency Rules of the UK Listing Authority to report to its shareholders on its compliance with the UK Corporate Governance Code, as revised in October 2014. As such, the Board confirms that, except where indicated below, the Company has complied with each of the provisions of the Code throughout the year.

*Provision B.1.2: Except for smaller companies, at least half the board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent.*

The Board acknowledges that the Company is not in compliance with paragraph B.1.2 of the Code. The founders of the Company, Philip Hulme and Peter Ogden, are Non-Executive Directors, but are not considered independent under the Code, due to their long tenure, substantial shareholding in the Company and their previously held executive positions with the Company. The Board continues to review this matter and, as a result of the Board evaluation recently carried out, and of feedback provided to the Chairman from the independent Non-Executive Directors, it remains clear that the contribution being made by these two Directors to the Board, not least due to their continuity of service and knowledge of the Company, continues to be highly valued by its other members. As the term of these two Non-Executive Directors is over six years, the Board has subjected their continued appointment to rigorous review, taking into account the need to refresh progressively the Board from time to time. As with all of the Directors, these two individuals are subject to re-election by shareholders on an annual basis, and their tenure as Non-Executive Directors remains in line with statutory provisions relating to the removal of a director.

## LEADERSHIP

### The role of the Board

The Board is responsible for the management and performance of, and providing effective leadership to, the Group. It plays a key role in discussing, reviewing and approving the strategic objectives of the Group, and through the review of business plans and budgets submitted by the Executive Directors and Senior Management, is additionally responsible for ensuring that adequate resources are in place to meet and deliver these aims. The Board reviews the performance of the Executive Directors and Senior Management against the targets set for the delivery of these agreed objectives, including a monthly review of the financial performance of each of the Group's in-country units. Additionally, the Board has the powers and duties conferred upon it by the relevant laws of England and Wales and our Articles of Association. There is also a documented schedule of Matters Reserved for the Board which additionally includes the consideration and approval of, amongst other things, acquisitions, major capital expenditure, Group strategy and budgets, the Group's Financial Statements and its Dividend Policy. This schedule was reviewed and updated once during the course of 2015, and is reviewed on an annual basis as a standing Board agenda item. This schedule can be found on our website at [www.computacenter.com/investors](http://www.computacenter.com/investors).

The Board held nine scheduled meetings during the year to deal with the standing items on its agenda, including reviewing and discussing any information provided to it by Senior Management. The Board collectively views this as sufficient to discharge its duties effectively. Day-to-day management and operational activities are delegated to a duly authorised Group Executive Committee including, amongst others, the Executive Directors, Group Chief Operating Officer and Group Chief Commercial Officer. Other Board level matters are delegated to each of the Audit, Nomination and Remuneration Committees, details of which can be found at pages 66 to 84. The Terms of Reference for each Committee can be obtained from the Company's website, [www.computacenter.com/investors](http://www.computacenter.com/investors) or from the Company Secretary, upon request. The composition of each Committee as at 31 December 2015 appears on pages 66, 70 and

75 following this report, as do reports from the Chairman of each Committee setting out the main responsibilities of their respective Committee and its main activities during the year. The Company arranges insurance cover in respect of legal action against the Directors and, to the extent allowed by legislation, the Company has issued an indemnity to each Director against claims brought by third parties.

## Division of Responsibilities

The roles of the Chairman and Chief Executive Officer are separate and their responsibilities are clearly set out in writing, reviewed annually and agreed by the Board. They are available for inspection on the Company's website at [www.computacenter.com/investors](http://www.computacenter.com/investors). In summary, the Chairman's role is to lead and manage the Board, and to play a role in facilitating the discussion of the Group's strategy by the Board. The Chairman actively encourages contribution from all Directors and is responsible for ensuring that constructive interaction is ongoing between the individual members of the Board. The Chairman is also responsible for setting the Board's agenda and ensuring that sufficient time is available for discussion of all agenda items, and in particular, strategic issues.

The CEO, in turn, is responsible for the day-to-day management of the Group's operational activities and for the proper execution of strategy, as set by the Board. There is no dominant individual or group of individuals on the Board influencing its collective decision-making ability and the Board is comfortable that each of the Directors makes a valuable contribution to the Board.

## Non-Executive Directors

Philip Yea was appointed as the Senior Independent Director with effect from 23 June 2015, following his appointment to the Board. In this role, Philip acts as a sounding board for the Chairman, and to serve as an intermediary between the Chairman and other Directors where necessary. He is available to take representations from both institutional and individual shareholders who do not want to raise their issue with the Chairman or where they feel that contact with him is not appropriate in the circumstances. In his role as the Senior Independent Director, Philip also leads the appraisal of the Chairman's performance annually in consultation with the other Non-Executive Directors, without the Chairman being present.

The Chairman and Non-Executive Directors met twice throughout the year without the Executive Directors being present.

## EFFECTIVENESS

### The Composition of the Board

The membership of the Board as at 31 December 2015 is set out on pages 54 and 55, and on that date included six Non-Executive Directors and two Executive Directors. The attendance of the Directors at Board and Committee meetings is additionally set out on pages 66, 70 and 75 of this Annual Report.

The Board has considered the independence of each Director, taking into account the guidance provided by the Code. The Chairman, Greg Lock, was considered by the Board to meet the independence criteria set out in the Code on appointment, and each of Minnow Powell, Regine Stachelhaus and Philip Yea are considered by the Board to be independent in their character and judgement.

### Appointments to, and development of, the Board

The Company's Nomination Committee leads the process for Board appointments. Further detail on the role, membership and work of the Committee during the year is set out on page 70.

Upon joining the Board, all Directors receive a comprehensive induction programme organised by the Company Secretary, tailored to their specific background and requirements. New Directors receive an induction pack which contains information on the Group's

business, its structure and operations, Board procedures, corporate governance related matters and details regarding Directors' duties and responsibilities. All new Directors are introduced to the Group's Senior Management team. The Chairman regularly liaises with each Director to discuss and agree their training and development needs. The Board is confident that all of its members have the knowledge, ability and experience to perform the functions required of a Director of a listed company.

### Commitment

Externally, there has been no increase in the other significant commitments of the Chairman of the Company during the year which would impact the time he has to fulfil the role. In light of the internal Board Evaluation completed for 2015, the Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge its responsibilities effectively. The terms and conditions of appointment of each of the Non-Executive Directors are available for inspection both at the Company's registered office and, on an annual basis, at the Company's AGM. The standard terms and conditions for the appointment of the Non-Executive Directors are also available on the governance section of the Company's investor relations website at [www.computacenter.com/investors](http://www.computacenter.com/investors).

### Information and support

All Directors receive appropriate documentation in advance of each Board and Committee meeting, including detailed briefings on all matters, in order to discharge their duties effectively in considering a matter and reaching a decision on it.

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

The Company Secretary is responsible for advising the Board on all corporate governance matters and provides advice to the Chairman of the Board to ensure that all Board procedures are followed. All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter requiring Board approval.

### Evaluation

An internally-run performance review of the Board, its Committees and individual Directors was undertaken for the financial reporting period. As part of this process a questionnaire was completed by each Director. The information from each questionnaire was then provided to the Chairman of the Board or Committee as appropriate, and the results further considered and discussed by the Board or Committee as a whole. The process confirmed that the Board continues to function well, but that Management Information provided to the Board prior to its meetings needed to be more concise, and that the Board should implement a formal process to analyse the merit, or otherwise, of previous decisions that it has made. The Board has determined the actions that need to be taken in response to the findings of the evaluation. However, as a result of the effectiveness review undertaken, the Board believes that each Director continues to contribute effectively and demonstrate appropriate commitment to the role.

The Senior Independent Non-Executive Director, Philip Yea, has carried out a review of the Chairman's performance with input from the remaining Non-Executive Directors, with the feedback provided then discussed formally at the following meeting of the Board.

### Re-election

Whilst the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the Code, with the exception of Philip Yea who will be

standing for election for the first time, all Directors on the Board as at 19 May 2016, should be subject to re-election at the Company's next AGM to be held on that date. All Directors will then be subject to election or re-election at each AGM thereafter.

## ACCOUNTABILITY

### Financial and business reporting

The Directors of the Company are required to include the following in this report under section C.1 of the Code. Please see:

- page 85 for the Board's statement on the Annual Report and Accounts being fair, balanced and understandable and providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- page 65 for the statement on the status of the Company and the Group as a going concern; and
- the Strategic Report on pages 1 to 53 for an explanation of the Group's business model and the strategy for delivering the objectives of the Group.

### VIABILITY STATEMENT

In accordance with provision C.2.2 of the Code, the Directors have assessed the prospects of the Group over a longer-term perspective than the 12 months required by its 'Going Concern' statement requirement. The Directors have assessed the viability of the Group's current position over a period of three years from the balance sheet date of this Annual Report and Accounts, 31 December 2015. This period was selected as an appropriate timeframe for the following reasons:

- the Group's rolling strategic review, as considered by the Board, covers a three-year period;
- the period is aligned to the length of the Group's Managed Services contracts, which are typically three to five years in duration; and
- the short lifecycle and constantly evolving nature of the technology industry lends itself to a period not materially longer than three years.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe that a three-year period presents readers of the Annual Report and Accounts with a reasonable degree of confidence while still providing a longer-term perspective. The Board considers annually, and on a rolling basis, a three-year business plan consisting of the detailed bottom-up financial target for the current year (2016), following the balance date of this Annual Report and Accounts, and two further years (2017 and 2018) of forecast information driven by top-down assumptions overlaid on the detailed target year. The three-year plan was last considered and approved by the Board on 7 March 2016.

This three year business plan along with the current position and prospects and the Group's strategy are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast. The forecast cash flows from the three year plan are aggregated with the current position and other contributors to provide a total three year headroom operating envelope against which the total impact of potential risks and uncertainties can be assessed.

In the absence of external debt within the Group, access to available uncommitted finance facilities, ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments as an instrument of last resort were also considered.

**Impact of Risks**

The potential impact of the risks and uncertainties, as set out on pages 16 to 19 of the Annual Report and Accounts, was then applied to the outcome of the sensitised three year business plan. This assessment included only those risks and uncertainties that would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and were considered in severe but reasonable scenarios and included any assessment of how the risks were managed and the effectiveness of any mitigating actions should the principal risks or uncertainties materialise either individually or, where a reasonable scenario could suggest, in unison.

Where appropriate, a sensitivity analysis is also carried out to evaluate the potential impact of the Group's principal risks and uncertainties actually occurring.

The combined effect of the potential occurrence of several of the most impactful risks and uncertainties is then compared to the headroom envelope generated throughout the three year plan to assess whether the business is judged to be able to continue in operation.

**Conclusion**

Based on the period and assessment above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as they fall due over the three year period to 31 December 2018.

**Risk management**

The Board has carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. Please refer to pages 16 to 19 for further information on the Group's principal risks and uncertainties, including how they are being managed and mitigated.

The primary responsibility for identifying and managing the risks faced by the Group lies with executive and operational management. A comprehensive risk management programme has been developed and is monitored by the Group Risk Committee, the members of which include Senior Operational Managers across the Group, the Group Finance Director and the Group Head of Internal Audit and Risk. The Group Risk Committee is chaired by the Group Chief Operating Officer.

The Board sets the Group's risk appetite and, through the Audit Committee, reviews the operation and effectiveness of the Group's risk management activities. The Board receives regular reports from the Group Risk Committee and periodically reviews the strategic risks faced by the Group and key mitigation plans.

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

**Internal control**

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

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

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

**Responsibilities and authority structure**

The Board has overall responsibility for making strategic decisions and there is a written schedule of Matters Reserved for the Board. The Group Executive Committee meets on a monthly basis to discuss day-to-day operational matters and, with the implementation of the Group Operating Model now having taken place across all of the Group's main operating entities, ultimate authority and responsibility for operational governance sits at Group level.

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

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

**Planning and reporting processes**

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

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

**Centralised treasury function**

The Board has established, and reviews regularly, key treasury policies over matters such as counterparty exposure, borrowing arrangements and foreign exchange exposure management. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business are all undertaken by the Group Treasury Function which reports to the Group Finance Director, with regular reporting to the Board.

### Quality and integrity of staff

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

### Compliance policies

The Group has in place a number of compliance policies which are applied, including those relating to Business Ethics and Anti-bribery. Any breach of these policies by an employee is considered a disciplinary matter and is dealt with accordingly. The internal control regime is supported by the operation of a Whistleblowing reporting function, which is soon to be operated by an external independent third party provider.

### Internal audit

The Group has an Internal Audit Function which reports to the Chairman of the Audit Committee. The function has direct access to the CEO and the Chairman of the Audit Committee. Its key objectives are to provide independent and objective assurance on risks and controls to the Board, the Audit Committee and Senior Management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. The Board, acting through the Audit Committee, has directed the work of the Internal Audit department towards those areas of the business that are considered to be of the highest risk. The Audit Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a three-year period. The programme and the findings of the reviews are assessed continually to ensure that they take account of the latest information and in particular, the results of the annual review of internal control and any shifts in the focus areas of the various businesses. The effectiveness of the Internal Audit department and the Group's risk management programme are reviewed annually by the Audit Committee. The role of the Internal Audit function and its scope of work continue to evolve to take account of changes within the business. A formal audit charter, which was updated during the year, is in place to guide the work and procedures of the function.

### Audit Committee and the Auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and the Auditor, please refer to the Audit Committee on pages 66 to 69.

### Remuneration

The Directors' Remuneration Report on pages 71 to 84 explains the work of the Remuneration Committee, and the level and components of remuneration for the Directors.

### Relations with shareholders

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

### Dialogue with Shareholders

The Board is informed of any substantial changes in the ownership of the Company's shares by the Company's corporate brokers who provide monthly reports on that ownership. In addition, meetings are held with major shareholders following both the full-year and half-year results. Normally, these meetings are with the CEO and FD. The whole Board is briefed on the outcome of these meetings and any issues raised are discussed. It additionally receives feedback reports from the Group's public relations firm, Tulchan Communications LLP, and the Company's corporate brokers, Investec plc and Credit Suisse.

In addition, once a year, the Company's top 15 shareholders are invited to meet individually with the Chairman, Senior Independent Director and Company Secretary to provide feedback on the Group's Management and raise other comments, albeit only a few shareholders take up this opportunity. Specifically, at these meetings, the Company's strategy and corporate governance arrangements are discussed and feedback is invited on any areas of particular interest from the relevant shareholder. These meetings are taking place in March and April 2016, in order to address any areas of discussion prior to the Company's next Annual General Meeting. Again, the Board will be briefed on the outcomes of these meetings. Non-Executive Directors are available to meet with major shareholders at any time and can be contacted through the Company Secretary at the Company's registered office address.

### Constructive use of General Meetings

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

### Annual General Meeting

The AGM of the Company will be held on Thursday 19 May 2016 at the offices of the Company's lawyers Linklaters LLP at One Silk Street, London, EC2Y 8HQ. The AGM notice of meeting sets out each of the resolutions being proposed. This notice will shortly be available for download from [www.computacenter.com](http://www.computacenter.com), and will be mailed to shareholders if they have elected to receive hard copies.

### Compliance with DTR

The information that is required by DTR 7.2.6, relating to the share capital of the Company, can be found within the Directors' report from page 62.

By order of the Board



**Simon Pereira**  
Company Secretary

11 March 2016

Computacenter plc is incorporated as a public limited company and is registered in England with the registered number 3110569. Computacenter plc's registered office address is Hatfield Avenue, Hatfield, Hertfordshire, AL10 9TW. The Company's registrars are Equiniti Limited who are situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

The Directors present the Directors' report, together with the audited accounts for the year of Computacenter plc and its subsidiary companies (the Group) for the year ended 31 December 2015.

Pages 1 to 85 of this Annual Report and Accounts are incorporated by reference into the Directors' Report that has been drawn up and presented in accordance with English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' report, with the exception of transactions with related parties, which is set out on page 130 [note 32 to the Financial Statements].

### STRATEGIC REPORT

The Companies Act 2006 requires the Group to prepare a Strategic Report, which commences at the start of this Annual Report and Accounts up to page 53. The Strategic Report includes information about the Group's operations and business model, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development plan.

### CORPORATE GOVERNANCE

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance report within the Directors' report. Information on our corporate governance practices can be found in the Corporate Governance report on pages 56 to 61, and the reports of the Audit, Remuneration and Nomination Committees on pages 66 to 84, all of which are incorporated into the Directors' report by reference, as explained previously in this Directors' report.

### MANAGEMENT REPORT

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

### RESULTS AND DIVIDENDS

The Group's activities resulted in a profit before tax of £126.8 million [2014: £76.4 million]. The Group profit for the year, attributable to shareholders, amounted to £103.1 million [2014: £55.1 million]. Ahead of changes to dividend taxation which will take effect on 6 April 2016, we are pleased to announce a second interim dividend for 2015 (the Second Interim Dividend) of 15.0 pence per share, in lieu of a final dividend for 2015. The second interim dividend for 2015 will be paid on 5 April 2016.

The dividend record date is set on Thursday 24 March 2016, and the shares will be marked ex-dividend on Wednesday 23 March 2016. This has been agreed with the London Stock Exchange, given that these dates fall outside its normal dividend procedure timetable.

Following the payment of a first interim dividend for 2015 of 6.4 pence per share on 16 October 2015, the total dividend per share for 2015 will be 21.4 pence per share. The total dividend per share for 2014 was 19.8 pence per share for those shares in existence immediately after the Share Consolidation. The Board has consistently applied the Company's Dividend Policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times. Further detail on the

Company's Dividend Policy can be found with the Finance Director's report on page 45.

Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend, when approved by the shareholders. As such, the amount recognised in the 2015 accounts, as described in note 11 to the accounts, is made up of last year's final dividend [13.1 pence per share] and the interim dividend [6.4 pence per share].

### ARTICLES OF ASSOCIATION

The Company's Articles of Association set out the procedures for governing the Company. A copy of the Articles of Association, which were not amended during the reporting period, is available on the Company's website [www.computacenter.com/investors](http://www.computacenter.com/investors). The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

### DIRECTORS AND DIRECTORS' AUTHORITY

The Directors who served during the year ended 31 December 2015 were Tony Conophy, Philip Hulme, Greg Lock, Brian McBride, Mike Norris, John Ormerod, Peter Ogden, Minnow Powell, Regine Stachelhaus and Philip Yea. Biographical details of each director, as at 31 December 2015, are given on pages 54 and 55. The Company's Articles of Association require at each AGM that those Directors who were appointed since the last AGM retire, as well as one-third of the Directors who have been the longest serving. The Board has decided, in accordance with the Code, that all Directors, with the exception of Philip Yea, will retire at each forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered the re-election of each Director and recommends their re-election. Further details on the Committee's recommendations for the re-election of the Directors are set out in the Notice of AGM, as is the brief Curriculum Vitae of each Director, which collectively illustrate the skills and experience that the Directors bring to the Board. At the 2016 AGM, Mr Yea will offer himself for election to the Board for the first time following his appointment in June 2015.

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all of the powers of the Company. The Company's Articles of Association provide for a Board of Directors consisting of not fewer than three, but not more than 20 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement Directors, who shall serve until the following AGM of the Company, at which point they will be required to stand for election by the members. A Director may be removed from office by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association, and at a general meeting of the Company, by the passing of an Ordinary Resolution [provided special notice has been given in accordance with the UK Companies Act 2006].

Members have previously approved a resolution to give the Directors authority to allot shares, and a renewal of this authority is proposed at the 2016 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of AGM [approximately one-third of the issued share capital]. In addition, the Company may not allot shares for cash [unless pursuant to an employee share scheme] without first making an offer to existing shareholders in proportion to their existing holdings. This is known as rights of pre-emption. A resolution to allow a limited waiver of these rights was passed by the members at last year's AGM. At the Company's 2015 AGM, members also approved a resolution giving delegated authority allowing the Company to make market purchases of its own shares, up to a maximum of 10 per cent of the Company's issued share capital, subject to certain conditions including price of purchase, amongst others. Each of these standard authorities will expire on 30 June 2016, or at the conclusion of the Company's 2016 AGM, whichever is the earlier. The Directors will seek to renew each of the authorities at the 2016 AGM, and full details are provided in the Notice of AGM. As at 29 February 2016, none of these authorities approved by shareholders at the 2015 AGM have been exercised.

## DIRECTORS' INDEMNITIES

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

## DIRECTORS' CONFLICTS OF INTERESTS

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

## DIRECTORS' INTERESTS IN SHARES

The interests of the Directors in the share capital of the Company, at the start and end of the reporting period, were as follows:

	As at 31 December 2015		As at 1 January 2015 or date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial
<b>Executive Directors</b>				
Mike Norris	1,142,157	–	1,288,939	–
Tony Conophy	1,786,915	–	2,025,177	–
<b>Non-Executive Directors</b>				
Greg Lock	500,000	30,000	400,000	25,885
Philip Hulme	11,067,582	9,877,815	12,996,593	10,741,526
Peter Ogden	27,994,474	777,572	31,802,071	881,249
Minnow Powell	1,340	–	–	–
Regine Stachelhaus	–	–	–	–
Philip Yea	8,000	–	–	–

Between 31 December 2015 and 29 February 2016 there have been no changes to the interests detailed above. Save as disclosed in this report and the Remuneration Committee report, no Director has any interest (beneficial or non-beneficial) in any share or loan capital of the Company or any of its subsidiaries.

## MAJOR INTERESTS IN SHARES

In accordance with Disclosure and Transparency Rule 5, between 1 January 2015 and 31 December 2015 the Company was notified of the following disclosable interests in its issued ordinary shares:

Name of Major Shareholder	Percentage of total voting rights held
Jethou Holding Company Ltd*	16.35
Peter Ogden*	7.1
Schroder Investment Management Ltd	5.33
Investec Asset Management Ltd	4.95

\* As announced by the Group on 30 March 2015, it was notified that Sir Peter Ogden had on 26 March 2015 transferred 100 per cent of the voting ordinary shares in Jethou Holding Company Ltd to certain adult members of his family for nil consideration.

Note: Between 31 December 2015 and 9 March 2016, the Company was notified by Schroders Investment Management Ltd that its percentage of total voting rights held had decreased to 4.856%.

An updated list of the Company's major shareholders is available at [www.computacenter.com/investors](http://www.computacenter.com/investors).

## CAPITAL STRUCTURE AND RIGHTS ATTACHING TO ORDINARY SHARES

As at 29 February 2016, there were 122,657,970 fully paid ordinary shares in issue, all of which have full voting rights and are subject to restrictions on transfer as set out in the Company's Articles of Association, and additionally in respect of:

- certain restrictions which may from time to time be imposed by laws or regulations such as those related to insider dealing; and
- the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares.

The holders of Ordinary Shares are entitled, subject to applicable law and the Company's Articles of Association to:

- have shareholder documents made available to them, including notice of any general meetings of the Company; and
- to attend, speak and exercise voting rights at general meetings of the Company, either in person or by proxy.

The Company is not aware of any arrangements between shareholders which may result in restrictions on the transfer of securities or other voting rights.

Additionally, there were 292,944,196 deferred shares in issue. Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end, held a total of 2,199,711 ordinary shares of 7<sup>5</sup>/<sub>9</sub> pence each, representing approximately 1.79 per cent of the issued share capital. The rights attaching to each of the Company's ordinary shares and deferred shares are set out in its Articles of Association. During the 2015 financial year, no ordinary shares in the Company were issued for cash to satisfy the exercise of options exercised under the Company's outstanding option schemes. During the year, the trusts purchased a total of 1,305,163 shares in order to ensure that the maturities occurring pursuant to these share option schemes could be satisfied. In the event that shares are held by these trusts before being transferred to employee participants pursuant to the schemes then, in line with good practice, the Trustees do not exercise the voting rights attaching to such shares. The Trustees also have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.

In the event that another entity or individual takes control of the Company, the employee share schemes operated by the Company have change of control provisions contained within them that would be triggered. Participants may, in certain circumstances, be allowed to exchange their existing options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early, in which case, early vesting under the executive schemes will generally be on a time-apportioned basis and under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time. The Company was granted authority at its Annual General Meeting on 19 May 2015, to make market purchases of up to 12,265,797 ordinary shares of 7<sup>5</sup>/<sub>9</sub> pence each. This authority will expire at the 2016 AGM, where approval from shareholders will be sought to renew the authority. During the period no shares were purchased for cancellation.

### SIGNIFICANT AGREEMENTS AND RELATIONSHIPS

Details regarding the status of the various borrowing facilities used by the Group are provided in the Finance Director's review on pages 39 to 47. These agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Group. It is also not extraordinary within our business sector for our longer term Services contracts to contain change of control clauses that allow a counterparty to terminate the relevant contract in the event of a change of control of the Company.

The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under share schemes and plans to vest on a takeover.

### FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are discussed in the Finance Director's review on pages 39 to 47.

### EMPLOYEE SHARE SCHEMES

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

At the year-end, the options remaining outstanding under these schemes were in respect of a total of 30,000 ordinary shares of 7<sup>5</sup>/<sub>9</sub> pence each (2014: 330,000 shares). During the year options over 300,000 shares were exercised and no options over shares lapsed. The Company also operates a Performance Share Plan (PSP) to incentivise employees. During the year, 690,807 ordinary shares of 7<sup>5</sup>/<sub>9</sub> pence each were conditionally awarded (2014: 780,051 shares). At the year-end, awards over 2,279,008 shares remained outstanding under this scheme (2014: 2,673,423 shares). During the year, awards over 487,335 shares were transferred to participants and awards over 597,887 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. As at the year-end, 3,957,127 options granted under the Sharesave scheme remained outstanding (2014: 4,025,176).

### CORPORATE SUSTAINABLE DEVELOPMENT AND POLITICAL DONATIONS

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the report on pages 48 to 53 and covers matters regarding health and safety, the environment, equal opportunities, employee involvement and employee development. During the year, the Group did not make any political donations to any political party or organisation and it did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

### EQUAL OPPORTUNITIES

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

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

### Gender split across the Group

	Male	Female
Percentage of Directors of the Company	87.5%	12.5%
Percentage of persons who are senior managers of the Group	81.6%	18.4%
Percentage of employees in the Group	77%	23%

The table directly above is incorporated by reference into the Strategic Report at pages 1 to 53 of this Annual Report and Accounts.

## EMPLOYEE INVOLVEMENT AND DEVELOPMENT

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, email and in-house publications. The Group will use one or more of these channels to brief employees on the Group's performance and the financial and economic factors affecting the Group's performance. In particular, the Group operates a Save As You Earn (SAYE) share scheme, which is open to eligible employees, where employees are encouraged to save a fixed monthly sum for a period of either three or five years. Upon maturity of the scheme at the end of the relevant savings period, participants can purchase shares in the Company at a price set at the commencement of the savings period. The primary method used to engage and consult with employees is through team briefings, where managers are tasked with ensuring that information sharing, discussion and feedback happen on a regular basis.

The development of employee skills and careers, as well as the communication of the Group's goals, are driven by our e-FACE tool. Annual assessments via our e-FACE tool are a formal requirement of all managers.

Employee consultative forums exist in each Group country to consult staff on major issues affecting employment and matters of policy, and to enable management to seek the views and opinions of employees on a wide range of business matters. Should there be cross-jurisdictional issues to discuss, a facility exists to engage a European forum made up of representatives from each country forum. The Group regularly reviews the performance of its employees through a formal review process, in order to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors management skills and the development of talent to meet the current and future needs of the Group. The Board directly monitors and reviews closely, succession and plans for developing identified key senior managers.

## BUSINESS ETHICS

A Group Ethics policy is now in place, which commits its employees to the highest standards of ethical behaviour in respect of customers, suppliers, colleagues and other stakeholders in the business. The policy includes a requirement for all employees to report abuses or non-conformance with the policy and sets out the procedures to be followed.

## GOING CONCERN

Computacenter's business activities, business model, its strategic goals and its performance are set out within the Strategic report on pages 1 to 53. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out within the Finance Director's review on pages 39 to 47. In addition, notes 25 and 26 to the Financial Statements include Computacenter's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk.

The Directors have, after due consideration, a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of twelve months from the date of approval of the Financial Statements as set out from 90 to 138 of this Annual Report and Accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

## AUDITOR

Following an audit tender process carried out by the Company in 2014, Ernst & Young LLP stepped down from its role as the Group's statutory Auditor with effect from the 2015 AGM. A resolution to appoint KPMG LLP as Auditor of the Group was approved by the Company's shareholders at the Company's 2015 AGM. A resolution to reappoint KPMG LLP as the Auditor of the Group will be put to shareholders at the forthcoming 2016 AGM.

## RELATIONSHIP AGREEMENT WITH CONTROLLING SHAREHOLDERS

Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30 per cent or more of the votes able to be cast on all or substantially all matters at general meetings are known as 'controlling shareholders'. The Financial Conduct Authority's Listing Rules now require companies with controlling shareholders to enter into a written and legally binding agreement (a Relationship Agreement) which is intended to ensure that the controlling shareholder complies with certain 'independence related' provisions. The Company confirms that it has undertaken a thorough process during the reporting period to review whether it has any 'controlling shareholders'. Following this process, it was determined that there was no requirement on the Company to enter into a Relationship Agreement with any of its shareholders. The Company confirms that this remains the case as at 31 December 2015, but will keep the matter under review.

## DISCLOSURE OF INFORMATION TO AUDITOR

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this report confirms that:

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



**Mike Norris**  
Chief Executive Officer



**Tony Conophy**  
Group Finance Director

11 March 2016

Current Members	Role	Attendance record
1. Minnow Powell (Chairman)	Non-Executive Director	5/5
2. Regine Stachelhaus	Non-Executive Director	5/5
3. Philip Yea	Non-Executive Director	1/2
Former Members	Role	Attendance record
5. John Ormerod	Non-Executive Director	2/2
6. Brian McBride	Non-Executive Director	3/3



**COMPOSITION OF THE COMMITTEE**

As at 31 December 2015, the Audit Committee was comprised of the three Independent Non-Executive Directors on the Board. All members are considered to be appropriately qualified and experienced to fulfil their role and allow the Committee to perform its duties effectively. For the purposes of Code provision C.3.1, two members of the Committee, both Minnow Powell and Philip Yea, are considered to have recent and relevant financial experience.

**MEETINGS OF THE COMMITTEE**

The Committee met five times during the course of 2015. Meetings are routinely attended by the Chairman of the Board, Group Finance Director, Chairman of the Group Risk Committee, Group Head of Financial Reporting, the Head of Internal Audit and Risk Management and the external Auditor. They cover a standing list of agenda items which is based on the Committee’s terms of reference, and considers additional matters at the discretion of the Chairman as and when deemed necessary. Meetings are also attended by the Group Company Secretary, who acts as Secretary to the Committee. I am satisfied that the flow of supporting information to the Committee is appropriate and provided in good time to allow members sufficient opportunity to review matters due for consideration at each Committee meeting. I am also satisfied that meetings were scheduled to allow sufficient time to enable full and informed debate.

In addition to the meetings of the Committee, the Chairman also met privately on occasion with individual members of management during the year, principally in order to discuss the risks and challenges faced by the business and, importantly, how these are being addressed. On two occasions during the year, the Committee meets separately with the external Auditor and the Head of Internal Audit and Risk Management without management present.

**PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE**

Immediately following each meeting of the Committee, the Chairman reports to the Board on its activities, and how it is discharging its responsibilities as set out in its Terms of Reference which can be found on the Company’s website at [www.computacenter.com/investors](http://www.computacenter.com/investors).

Its main responsibilities during the year, as set out in the Code, were as follows:

- to monitor the integrity of the Financial Statements of the Company and any formal announcements related to the Company’s financial performance, and to review any significant financial reporting judgements contained therein;
- to review the Company’s internal financial controls and review the Company’s internal control and risk management systems;
- review the effectiveness of the Company’s Internal Audit and Risk Management functions;
- review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties relating to financial or other matters in confidence and ensuring that arrangements are in place for the proportionate and independent investigation of such matters;
- review on an ongoing basis the Company’s relationship with its external Auditor, including monitoring its independence and objectivity and the effectiveness of the audit process, ensuring that an appropriate policy is in place concerning any engagement of the Auditor for the provision of non-audit services to the Company and making recommendations to the Board in respect of the appointment, reappointment and removal of the Auditor and the remuneration paid to it by the Company; and
- the provision of advice to the Board to enable it to report on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group’s performance, business model and strategy.

**ACTIVITIES OF THE COMMITTEE**

The activities of the Committee are based upon its Terms of Reference, and are set out below:

**FINANCIAL REPORTING AND JUDGEMENTS**

The Committee reviewed the integrity of the Financial Statements of the Group and, in doing so, considered the following key judgements made in their preparation:

**Revenue recognition**

The Group’s revenue recognition policies were a focus of the Committee’s work during the year. Following the consideration of a detailed report received from the external Auditor in their first year and discussions with Management concerning the overall principles and practical application of revenue recognition for both Services and Supply Chain revenue, the Committee concluded that the timing of recognition continues to be in line with current IFRS requirements, and that the judgements exercised by Management in this area are appropriate. The Committee also noted, as set out in their report, the detailed findings of the audit procedures carried out by the external Auditor both on Supply Chain and Services revenue.

### Exceptional and other Adjusting Items

The Committee considered the nature and quantum of those items disclosed as exceptional in the Group's 2015 Annual Report and Accounts. It considered the judgements made by Management in calculating an updated provision for the restructuring in France, reviewing the nature and estimates of increased costs alongside input from the external Auditor to confirm that these were reasonable. Following this review, the Committee concurred with Management's assessment to recognise an additional restructuring cost of £1.5 million.

The Committee also reviewed the classification of the gain recognised by the Group following its sale of R.D. Trading Limited in February 2015. Following input from the external Auditor, it considered Management's proposal that the gain be reported outside of the Group's adjusted results'. The Committee was satisfied that Management's proposal to report the gain as a separate line on the face of the income statement, due to its materiality and infrequency, was in line with the Group's accounting policy and assisted in presenting the Group's 2015 results in a manner which is fair, balanced and understandable.

The Committee has continued to monitor the progress of the Group's two remaining onerous contracts in Germany during the year. Following ongoing improved operational and financial performance on these contracts, it was proposed by Management that £0.4 million of the provision taken in respect of losses forecast to be incurred on the contracts be released as an exceptional item in the Company's 2015 Accounts. The Committee reviewed the judgements made by Management in this area and agreed that the proposed quantum of release was appropriate.

The Committee also considered the presentation of adjusted profit in the first half of the Annual Report and Accounts, after taking account of the Financial Reporting Council guidance on exceptional items. We concluded that the presentation of adjusted profit gave clarity on performance and was reconciled appropriately to reported amounts, with sufficient prominence.

### Going concern basis for the Financial Statements

To inform the Board's assessment of whether it was appropriate for the Group to adopt the going concern basis in preparing Financial Statements, at both the half year and full year, the Committee considered detailed reviews, based on the Group's financial plans, in relation to liquidity and solvency of the Group taking into consideration its cash position and committed bank facilities. It considered the financing requirements of the Group in the context of available committed facilities, including one of £40 million which remains undrawn, and challenged Management's forecasts concerning trading performance. The Committee noted the Code requirement for the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the Group's 2015 Financial Statements. Following its considerations, the Committee was satisfied that the going concern basis of preparation continues to be appropriate.

### Overdue French receivables

During the year, the level of overdue receivables owed to the Group's French business has (as set out in note 18 in the Financial Statements) reduced substantially from that outstanding at the end of 2014, against which a provision was recognised at that time. The Committee monitored the position throughout the year and requested that the Auditor review the position at year-end, with specific consideration being given to the nature of remaining receivables and their likely recoverability. The Committee reviewed the work carried out and considered that the remaining provision was appropriate.

### VIABILITY STATEMENT

The Code now requires the Directors of the Company, taking into account the Group's current position and principal risks, to explain in the Annual Report and Accounts how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate. The Directors are further required to state whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period they have chosen, drawing attention to any qualifications or assumptions as necessary. This new requirement is known as a 'Viability Statement'.

Following its review of proposals from Management, the Committee recommended to the Board that it set the period of assessment for this Viability Statement at three years, given the nature of the Group's business model and its strategic time horizon. The Committee and Board reviewed Management's financial forecasts for the three-year period of assessment, and challenged the process undertaken and assumptions made by the Group's Risk Committee in assessing how those forecasts would be impacted by a realistic concurrence of the Group's principal risks. As a result, the Committee recommended to the Directors that they could make the statement required for the assessment period without qualification. The statement and explanation from the Directors can be found with the Corporate Governance Statement on page 56.

### OTHER SIGNIFICANT ACTIVITY

During the year, the Committee reviewed its own Terms of Reference against the Code and the Financial Reporting Council's Guidance for Audit Committees, following which these were submitted to, and subsequently approved by, the Board. It received and approved a recommendation from Management for the implementation of a Group-wide Ethics Policy to underpin and complement the updated controls soon to be in place which enable staff, in confidence, to raise concerns about possible improprieties in financial and other matters. Prior to the date of this report, it also received a report from an independent third-party consultant reviewing the adequacy of the Group's anti-bribery and corruption procedures, following a number of recommendations made by it as a result of a similar exercise carried out at the beginning of 2014.

The Committee reviewed policies, processes and the reporting of the Group's tax and treasury functions, and controls around purchase to pay and order to cash. A review of the Company's distributable reserves was carried out prior to the declaration of a second interim dividend by the Company in the respect of the reporting period.

Having been requested to do so by the Board in accordance with Code provision C.3.4, the Committee also provided advice on whether the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee sought assurance as to the review procedures performed by Management to support and provide assurance to the Board in making this statement. These include clear guidance issued to all contributors to ensure a consistent approach and a formal review process to ensure that the Annual Report and Accounts is factually correct and includes all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

## PERFORMANCE OF THE COMMITTEE

No major matters were raised in the annual evaluation of the Committee's performance.

## THE EFFECTIVENESS OF INTERNAL CONTROLS AND THE RISK MANAGEMENT FRAMEWORK

On behalf of the Board, the Audit Committee is responsible for overseeing the effectiveness of the Group's systems of Internal Control and the Risk Management Framework, and during the year reviewed the effectiveness of a number of its internal control procedures. A number of detailed areas for improvement are identified and actions implemented as a result of the review of internal controls by Management and the Internal Audit function. To assist the Board, the Committee monitors the risk management processes and reports from Internal Audit. The Committee continues to monitor implementation of agreed improvements.

The Group Risk Committee (GRC) meets on a quarterly basis to review the key risks facing the business. These are identified and assessed as to their likelihood and impact within the Group's 'Heat Risk Map', and are then reviewed in conjunction with accompanying risk mitigation plans. The GRC minutes are circulated to the Audit Committee for review, with any matters of note highlighted and explained to the Committee by the GRC Chairman. This includes an analysis of how the exposure of the Group to these risks may have moved during the previous three-month period, how mitigations to the risks have been introduced or developed, and also provides an assessment of the effectiveness of the process in the view of the GRC.

## THE EFFECTIVENESS OF INTERNAL AUDIT FUNCTION

The Committee continues to oversee the Internal Audit function and, in the second half of the year, a new Head of Internal Audit and Risk Management was appointed. The Committee received an update from the Head of Internal Audit and Risk Management at each meeting during the year on current audit activities, and any associated issues resulting from the completion of their work. The Chairman of the Committee meets with the Head of Internal Audit and Risk Management on a number of occasions throughout the year, through which he is updated regularly on the activities of the Internal Audit function, and receives a frequent assessment as to whether the function is resourced adequately. The annual Internal Audit plan is approved by the Audit Committee and kept under review to reflect the changing needs of the business and to ensure that new and emerging business risks are appropriately considered within it. A core function of the Group Internal Audit Department relates to reviewing and providing assurance to the Committee regarding the effectiveness of controls over bid management and contract reporting.

## WHISTLEBLOWING

The Committee directed that an exercise be undertaken to review the arrangements put in place by Management to ensure that staff are able, in confidence, to raise concerns about possible improprieties in financial and other matters. Following this exercise, the Committee received and approved a recommendation from the Group's HR Director that this facility be outsourced to an appropriate external third party in light of the increasingly international nature of the Group's business, and the language and time-zone challenges that this presents. The Committee is satisfied that, as at the date of this report, arrangements are in place for the proportionate and independent investigation of such matters, including appropriate follow-up action.

## THE INTEGRITY OF THE GROUP'S RELATIONSHIP WITH THE AUDITOR AND THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

### External audit

The Audit Committee is required to oversee the Group's relationship with its Auditor, and to make recommendations in relation to the Board concerning the appointment, reappointment and remuneration of the Auditor.

### Audit Quality Review Team

In November 2015, the Company received a letter of comment from the Financial Reporting Council's Audit Quality Review Team (AQRT), following its review of Ernst & Young LLP's (E&Y) audit of our 2014 Financial Statements. The areas highlighted by the AQRT were around the audit of impairment and of certain aspects of revenue recognition. In respect of the former, the Audit Committee concluded that our considerations in respect of the 2015 Financial Statements did not highlight any matters that undermined the position presented at 31 December 2014. In respect of the latter, the Audit Committee requested that KPMG LLP (KPMG), our new Auditor, carried out certain procedures relating to 2014, and enquired as to whether KPMG's audit procedures also covered the findings of the AQRT in respect of E&Y's audit of the 2014 Financial Statements. The results of the additional procedures and of our enquiries were satisfactory.

### Reappointment of the Auditor

Following the results of a review of the effectiveness of the external Auditor, and further discussions amongst the Committee, we have recommended to the Board that it propose the reappointment of KPMG as the Group's Auditor for approval by the Company's shareholders at its 2016 AGM. KPMG was first appointed as the Group's Auditor with effect from May 2015, following a competitive tender process. The Committee will continue to review the performance of KPMG as set out below on an annual basis.

### Effectiveness of the external audit process

The Committee places great importance on ensuring a high quality, effective external audit process. When conducting the annual review, the Committee considers the performance of the Auditor as well as their independence, compliance with relevant statutory, regulatory and ethical standards and objectivity.

The Committee reviewed the effectiveness and quality of the external audit process in KPMG's first year by:

- reviewing the audit plan and monitoring changes in response to new issues or changing circumstances;
- receiving reports on the results of the audit work performed; and
- considering the report of AQRT on KPMG. Responses provided by KPMG are reviewed by the Committee.

The Committee will review further the effectiveness of the external audit process by means of a survey which is completed by key stakeholders and relevant internal management. The matters covered by the survey include the quality of delivery of the service and the KPMG employees that are delivering it, including their understanding of the business and its audit risks, their degree of scepticism and challenge, alongside their competency. The results of the questionnaire will then be discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and any actions requested by the Committee to enhance effectiveness will be followed-up and appropriately monitored thereafter.

### Auditor independence

The Committee places considerable importance on ensuring the continuing independence of the Group's Auditor. This topic is reviewed at least annually with the Auditor, who confirms their independence to the Committee twice a year.

In support of maintaining the Auditor's independence, the Committee has established a policy in relation to the scope and extent of provision of non-audit services by the Group's Auditor which is summarised on this page. During the year, the Committee monitored compliance with this policy monitoring the level of non-audit work provided by the external Auditor, resulting in non-audit fees being 45.9 per cent of the KPMG overall audit fee during 2015, as set out below:

	2015 £'000
Auditor's remuneration:	
Audit of the Financial Statements	43
Audit of subsidiaries	478
Total audit fees	521
Audit related assurance services	17
Taxation compliance services	44
Other assurance services	54
Taxation advisory services	124
Total non-audit services	239
<b>Total fees</b>	<b>760</b>

The Committee deemed appropriate to use the Group's Auditor for this work due to their existing and detailed prior knowledge and understanding of the business, although the appropriateness of using KPMG for taxation work moving forward is under consideration, and will be considered further by the Committee in 2016.

The Group has entered into a Datacenter Procurement Project with KPMG, to provide support in the building of a new Datacenter. The agreement involves the purchase of goods from, and supply of related services by Computacenter in the ordinary course of business and on an arm's length basis, and the value of the contract is not material to either party. It is therefore a type of agreement permitted by Auditing Practices Board Ethical Standards between an audit firm and its audit client. The Committee further noted that KPMG had run a competitive tender process, identified Computacenter as the preferred supplier for the project and that the KPMG Audit team would not engage in any conversation with its Procurement and Technical Solutions Delivery Team regarding service delivery or the negotiations of contracts and pricing. The Committee also received a report from KPMG confirming that it had considered potential threats to its independence arising from this agreement, and had concluded that these could be managed by appropriate safeguards.

### Non-audit services

#### Summary of policy for engagement of the Auditor to undertake non-audit work

The Auditor is appointed primarily to report on the annual and interim Financial Statements. The Committee places a high priority on ensuring that their independence and objectivity is not compromised. We have achieved this by considering Auditing Practices Board Ethical Standard 5 issued by the Financial Reporting Council. This relates to non-audit services provided to audited entities and sets out six principles which underpin objectivity and independence, for example that the Auditor cannot act as management nor audit their own work. The Committee recognises, however, that there are occasions when the Auditor is best placed to undertake other accounting, advisory and consultancy work in view of their knowledge of the Group's business, confidentiality and cost considerations. The Committee has therefore established procedures to ensure that any non-audit work is only undertaken by the Auditor where there is no risk of compromise to their independence.

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



**Minnow Powell**  
Chairman of the Audit Committee

11 March 2016

## NOMINATION COMMITTEE REPORT

Current Members	Role	Attendance record
1. Greg Lock (Chairman)	Non-Executive Chairman of the Board	3/3
2. Regine Stachelhaus	Non-Executive Director	3/3
3. Minnow Powell	Non-Executive Director	2/3
4. Philip Yea	Non-Executive Director	1/1
Former Members	Role	Attendance record
5. John Ormerod	Non-Executive Director	1/1
6. Brian McBride	Non-Executive Director	1/1

### MEMBERSHIP AND ATTENDANCE

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

The Company Secretary is the secretary to the Committee.

### RESPONSIBILITIES OF THE NOMINATION COMMITTEE

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

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

The full terms of reference for the Nomination Committee are available on our website: [www.computacenter.com/investors](http://www.computacenter.com/investors).

### MAIN ACTIVITIES OF THE COMMITTEE IN 2015

The Nomination Committee met on three occasions during 2015 and its work included the following:

#### Board appointments

There have been two Non-Executive appointments to the Board during the course of the reporting period. Minnow Powell was appointed as a Non-Executive Director on 1 January 2015, and became Chairman of the Audit Committee with effect from 1 April 2015. The process relating to his appointment was set out for shareholders in the 2014 report of the Committee.

The Nomination Committee led the process to search for, identify and nominate a new Non-Executive Director in 2015. In advance of instructing an external search to be undertaken, the Committee considered the skills, knowledge and experience on the Board following the resignations of John Ormerod and Brian McBride during the first half of the year. The Committee then instructed the external search firm Russell Reynolds, which had no other connection with the Company other than providing this type of service. It was provided with a profile of the required candidate, following which a search was carried out to identify suitable individuals. These were then interviewed by both the Nomination Committee and by the remaining Board Directors.



**Greg Lock**  
Nomination Committee Chairman

As part of the selection process, the Committee considered whether each candidate would have sufficient time to devote to being a Non-Executive Director of the Company, given their other existing commitments. Prior to formally recommending to the Board that Philip Yea be appointed as the Senior Independent Director of the Company, the Committee considered and agreed that he would be independent in character and judgement, as defined under provision B1.1 of the UK Corporate Governance Code. Philip was also appointed as a member of the Company's Remuneration, Nomination and Audit Committees with effect from 23 June 2015.

### Election and re-election of Directors

The Committee reviewed in detail the performance of the Directors who are standing for election or re-election at the Company's 2016 AGM. The results of the Company's most recent Board evaluation process were considered, alongside the contribution made by each individual, with the exercise being particularly rigorous in respect of Non-Executive Directors who have been in their role for six years or longer. Following this review, the Committee recommended that each Director on the Board as at 31 December 2015 be put forward for election or re-election by the Company's shareholders at the 2016 AGM.

### Diversity

The Committee, and additionally the Board, continues to recognise the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the decision-making ability of the Board, thereby increasing its effectiveness. Whilst the Board continues to recognise and monitor the continuing debate around possible future legislation in this area, appointments to the Board will continue to remain primarily based on merit, and it has not therefore set any measurable targets in this area. As at 31 December 2015, the Computacenter Board had one female Non-Executive Director, Regine Stachelhaus, representing 12.5 per cent of the total Board membership.



**Greg Lock**  
Chairman of the Nomination Committee

11 March 2016

## ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder,

It is my pleasure to present the first Directors' Remuneration report since my appointment as Chairman of the Remuneration Committee in June 2015. The report is split into three sections. This Annual Statement, and the Annual Report on Remuneration which includes information concerning the amount paid to the Executive and Non-Executive Directors in 2015 as set out from pages 75 to 84, will be subject to an advisory vote by shareholders at the Company's 2016 Annual General Meeting (AGM). There are no changes proposed to the form of Directors' Remuneration Policy approved by shareholders at the Company's Annual General Meeting in 2014. A summary of the approved policy has been included from pages 72 to 74 so that shareholders can refer to this easily when reviewing the Annual Report on Remuneration.

### Approach of the Committee and Group performance

The Committee has sought to remain consistent in its approach that the amount paid to the Executive Directors is clearly linked with their performance and the value that they have delivered to shareholders. Remuneration for the Group Chief Executive Officer (CEO) and Group Finance Director (FD) continues to be heavily weighted towards variable pay that is itself principally based on the achievement of financial targets. The Performance Share Plan awards made to the Executive Directors in 2015 additionally reflect the view of the Board that continuing and measurable progress by the Group against its Services-led strategy will play an important role in facilitating continued improvement against its key financial performance indicators over the longer term. The Board also remains committed to retaining a remuneration framework which is simple, transparent and can be understood by all of the Group's stakeholders.

During the reporting period, the business continued to generate growth in profitability, and returned approximately £98 million to its shareholders during the first quarter of the year. Progress continues to be made against each of the Group's key financial and strategic key performance indicators, as is shown on pages 20 and 21. The level of in-year variable remuneration paid out to the Executive Directors reflects the strong financial and operational results that the Group has achieved, which included a substantially improved performance by our German subsidiary. However, the Committee believes that it also reflects the fact that, whilst there has been progress in France, there remains further work to ensure a sustained recovery by the business, and additionally that the performance of the UK Supply Chain business was below our expectations, especially over the second half of the year.

### Remuneration outcomes for 2015

The base salaries of the Executive Directors had previously remained unchanged since 1 January 2012. Following the completion of a benchmarking exercise by the Committee, with input from the Company's remuneration consultant, Mercer, it has been decided to increase the basic salary of the CEO and FD by 5.0 per cent and 4.6 per cent respectively. This will result in the salary of the CEO increasing from £500,000 to £525,000, and the FD's salary increasing from £325,000 to £340,000. Both increases are with effect from 1 January 2016. As outlined in the Company's 2014 Annual Report on Remuneration, the Committee decided to increase the 2015 bonus opportunity for the



**Philip Yea**  
Remuneration Committee Chairman

Executive Directors on a one-off basis, following the divestment of RDC. The Committee has reviewed performance against the conditions set for the potential bonus opportunity in 2015. As a result, for the financial reporting period, 84.54 per cent of the total potential bonus was paid out to the CEO, whilst the FD received 88.28 per cent of his total potential bonus for the year.

71.5 per cent of the Computacenter Performance Share Plan (PSP) awards granted in March 2013, which are due to vest in March 2016, will be paid out to the Executive Directors. The financial conditions for the vesting of these awards relate to the Company's growth in earnings per share for the three financial years ended 31 December 2015. Further details can be found on pages 77 and 78.

### Remuneration in 2016

At the Company's 2015 AGM, shareholders voted in favour of extending the PSP, subject to minor changes, for a further ten-year period. The PSP has been the main vehicle for the grant of long-term share incentives to senior executives since 2005, and in the opinion of the Committee has been successful in achieving its intended objectives. In 2016, PSP awards will be granted to the Executive Directors under the terms of the scheme, as renewed. Further details on how our Directors' Remuneration Policy will be applied in practice for the 2016 financial year is set out on pages 83 and 84.

### Shareholder feedback

During the year, the Committee was provided with general feedback from the Group's major shareholders in respect of executive remuneration. I am intending to meet with the Company's major shareholders following the release of this report, and prior to the Company's 2016 AGM, and feedback from these meetings will be submitted to the Committee to inform its future decision-making.

The Company will be submitting its Directors' Remuneration Policy for approval by shareholders at its AGM in 2017, in accordance with relevant regulatory requirements. In light of this, the Committee intends to undertake a consultation process with its major shareholders during the second half of this year in order to discuss potential changes, if any, to the policy.

I welcome any comments that you may have on the contents of this report.

**Philip Yea**  
Chairman of the Remuneration Committee

11 March 2016

### COMPUTACENTER'S REMUNERATION POLICY TABLE

The table included below sets out the main components of Computacenter's Directors' Remuneration Policy, which was approved at the Company's 2014 Annual General Meeting, and has been in effect since that time. Prior to that date, the Company's prior remuneration policy was applied. The Directors' Remuneration Policy is available for inspection during normal business hours at the Company's Registered Office Address, and will be provided to shareholders upon request.

#### Policy Table

Purpose and link to strategy	Operation	Performance targets
<b>Fixed pay</b>		
<p><b>Base salary</b> Supports the recruitment and retention of executives of the calibre required to deliver the Group's strategy.</p>	<p>Will reflect an individual's responsibilities, performance, skills and experience.</p> <p>Reviewed annually on 1 January taking into account the level of pay settlements across the Group, the performance of the business and general market conditions.</p> <p>Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance.</p> <p>An exceptional review may take place to reflect a change in the scale or scope of a Director's role, for example: a major acquisition.</p> <p>Salary levels for the current Executive Directors for the 2016 financial year are:</p> <p>Chief Executive Officer: £525,000</p> <p>Finance Director: £340,000</p>	n/a
<p><b>Benefits</b> To provide a competitive level of employment benefits.</p>	<p>No special arrangements are generally made for Executive Directors.</p> <p>Benefits currently include a car benefit appropriate for the role performed, participation in the Group's private health and long-term sickness schemes, life insurance and income continuance schemes, and participation in all-employee share plans on the same basis as other eligible employees.</p> <p>All of the Group's UK and German tax-resident employees are eligible to participate in the Company's SAYE Scheme.</p> <p>If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate.</p> <p>If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, a one-off cash payment may be made to cover reasonable expenses.</p> <p>While there is no maximum amount as the cost of benefits is dependent upon costs in the relevant market, benefits will be set at levels which are competitive, but not excessive.</p>	n/a
<p><b>Pension</b> To provide an income for retirement.</p>	<p>No special arrangements are made for Executive Directors. They are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees.</p> <p>If the Executive Director so chooses, he/she may take the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.</p> <p>Pension contributions or allowances will not exceed 15 per cent of base salary.</p>	n/a

Purpose and link to strategy	Operation	Performance targets
<b>Performance related pay</b>		
<p><b>Annual bonus</b> To incentivise the delivery of annual, short-term, stretching financial and non-financial objectives.</p> <p>To align pay costs to affordability and the value delivered to shareholders.</p>	<p>The total sum due is paid in cash after completion of the relevant performance period.</p> <p>The maximum annual bonus achievement will be 200 per cent of Base Salary.</p> <p>The Committee has discretion to vary bonus payments downwards or upwards if it considers the outcome would not be a fair and complete reflection of the performance achieved by the Group and/or the Executive Director. To the extent that this discretion is exercised, this will be disclosed in the relevant Remuneration Committee report and may be the subject of shareholder consultation if deemed appropriate.</p> <p>The current bonus opportunities in 2016 are 124 per cent of Base Salary for the CEO and 100 per cent of Base Salary for the FD. Increases above the current opportunities, up to the maximum limit may be made to take account of individual circumstances, which may include an increase in the size or scope of role or responsibility.</p>	<p>Financial measures will normally be used to calculate at least a majority of bonus achievement and the remainder of annual bonus will normally be attributed to non-financial measures.</p> <p>Financial measures will normally include profitability, cost management, cash management and other appropriate measures. Non-financial targets will be stretching targets set by the Committee.</p> <p>Targets are reviewed and approved annually by the Committee to ensure that they are stretching and adequately reflect the strategic aims of the Group.</p>
<p><b>PSP</b> To align the interests of Executive Directors and shareholders.</p> <p>To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.</p>	<p>An annual grant of shares, or options to acquire shares, will be made subject to performance criteria. Awards normally vest after a three-year period.</p> <p>Details of the performance conditions applied to awards granted in the year under review and to be granted in the forthcoming year are set out on pages 78 and 84.</p> <p>The Committee will review performance criteria in line with business priorities to ensure they are challenging and fair.</p> <p>The maximum opportunity contained within the plan rules is:</p> <p>Ordinarily 200 per cent of annual Base Salary or 400 per cent of annual Base Salary in exceptional circumstances.</p> <p>The Committee has discretion to vary the percentage of awards vesting downwards or upwards if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the plan cycle.</p>	<p>Earnings per share is the primary measure for our PSPs, and the Committee may exercise its discretion to introduce additional or alternative measures.</p> <p>In the event of serious misconduct of an Executive Director, or the misstatement of financial results, these awards may be subject to malus or clawback provisions at the discretion of the Committee.</p>

Purpose and link to strategy	Operation	Performance targets
<b>Other</b>		
<p><b>Chairman and Non-Executive Director fees</b></p> <p>To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.</p>	<p>Fee levels are determined with reference to those paid by other companies of similar size and complexity and taking into account the scope of responsibilities and the amount of time that is expected to be devoted during the year. No individual is involved in the process of setting his/her remuneration.</p> <p>Fee levels are normally reviewed bi-annually. They may also be increased on an ongoing or temporary basis to take into account changes in the working of the Board.</p> <p>The Chairman of the Board receives a fixed fee. Other Non-Executive Directors receive a basic fee and additional fees are payable for the Chairmanship of the Board Committees and for the additional responsibility of being the Senior Independent Director.</p> <p>Travel expenses and hotel costs are also paid where necessary.</p> <p>2016 fee levels for the incumbents are as follows:                      Non-Executive Chairman: £195,000                      Non-Executive Director Base Fee: £50,000                      Supplementary Fee for Senior Independent Director: £6,000</p> <p>Fee for:                      Audit Committee Chair: £16,000                      Remuneration Committee Chair: £10,000</p>	<p>Non-Executive Directors do not participate in any of the Group's incentive arrangements or share schemes and are not eligible for pension or other benefits.</p>
<p><b>Share Ownership Guidelines</b></p> <p>To strengthen alignment between Executives and shareholders.</p>	<p>Levels are set in relation to annual base salary, and are normally required to be built over a three-year period. The Committee retains discretion to extend this on an individual basis, if it believes that it is fair and reasonable to do so.</p> <p>Options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependants.</p> <p>The Committee will regularly review the minimum shareholding guidelines.</p> <p>There is no maximum, but minimum levels have been set at 200 per cent of Base Salary for the CEO and 100 per cent of Base Salary for other Executive Directors. Non-Executive Directors are not required to hold shares in the Company.</p>	<p>n/a</p>

**Statement of consideration of employment elsewhere in the Group and shareholder views**

When setting executive remuneration, consideration is given to pay and employment conditions of employees of the Group and policies elsewhere in the Group. When it considers potential changes to Executive Director remuneration, the Committee is provided with comparative employee information, such as average salary reviews across the Group. The average annual salary increase of Computacenter Executive Directors in 2015 was 0 per cent compared to a possible range of increases between 0 per cent and 4.5 per cent for other full-time employees. The salary of the CEO and FD remained unchanged between 1 January 2012 and end of the reporting period.

Whilst only Executive Directors and senior executives participate in the PSP plan, other full time employees in the UK and Germany can participate in the Group's All Employee SAYE scheme. This plan is not subject to performance conditions, but requires the employee to remain employed at the end of the term of the scheme which they have joined. This plan has been extremely successful, and over the previous three-year period, the number of employees participating in the scheme has increased by 102 per cent.

Whilst the Company does not feel it appropriate to consult directly with employees when drawing up the Directors' Remuneration Policy, the Committee has considered any informal feedback received via employee staff surveys or other channels and updates provided to it by the Group HR Director, Barry Hoffman.

The Remuneration Committee takes very seriously the view of shareholders when making any changes to executive remuneration arrangements. The Directors' Remuneration Policy of the Company is due to be put before shareholders at its 2017 Annual General Meeting. As a result, the Company intends to undertake a consultation with shareholders during the second half of 2016 in order to seek feedback on the terms of the existing policy and any changes to it proposed by the Remuneration Committee.

The Chairman of the Board and the Remuneration Committee have made themselves available to meet with the Company's largest shareholders in March and April 2016, prior to the Company's 2016 Annual General Meeting, to discuss both the contents of this report and the Group's 2015 performance. Feedback from these meetings will be provided back the Committee, so that it may be factored into the Committee's decision-making in 2016.

## ANNUAL REMUNERATION REPORT

### Responsibilities of the Remuneration Committee

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

- the Company's general policy on executive remuneration; and
- the specific remuneration packages of the Executive Directors, the Chairman of the Board and Senior Executives of the Group including, but not limited to, base salary, annual performance-related bonuses and long-term share incentive awards.

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

The full responsibilities of the Committee are contained within its terms of reference, which are available on our website at [www.computacenter.com/investors](http://www.computacenter.com/investors).

### Membership and attendance

The Remuneration Committee is made up of the Independent Non-Executive Directors and the Chairman of the Board, who was considered to be independent on appointment. Details of the membership of the Committee and attendance of the members at Committee meetings during the year, is provided below.

Member	Role	Attendance record
<b>Current Members</b>		
1. Philip Yea (Chairman)	Senior Independent Director	2/2
2. Greg Lock	Non-Executive Chairman of the Board	5/5
3. Minnow Powell	Non-Executive Director	3/5
4. Regine Stachelhaus	Non-Executive Director	5/5
<b>Former Members</b>		
5. John Ormerod	Non-Executive Director	2/3
6. Brian McBride	Non-Executive Director	3/3

The CEO attends meetings by invitation, as does the Group's HR Director and Group Head of Financial Reporting where financial information provided requires additional background or explanation to facilitate the considerations of the Committee. The Group Company Secretary is the secretary to the Committee.

The principal adviser to the Committee is Mercer Limited (Mercer), who was first selected by the Committee in 2010 by way of a tender process. During the year, Mercer provided advice to the Company in respect of the incentive awards made to the Executive Directors in 2015, a benchmarking exercise of fees paid for positions on the Company's Board of Directors and its Committees, and the contents of the Directors' Remuneration report as set out on pages 71 to 84. The total fees paid by the Company to Mercer in 2015 in respect of this advice was £27,500. The Committee considers the advice that it receives from Mercer to be independent considering, amongst other things, that Mercer provided no other services to the Company during the year other than those outlined above. Mercer is a founder member of the Remuneration Committee Group, and adheres to its code.

The Committee considers comparative practice in the European technology sector, FTSE techmark 100 companies and FTSE 250 companies. However, such market data is used by the Committee to inform, rather than drive, policy and decision making.

### Audited information

The audited tables and related notes are identified within this report, using an **A** key.

**A**
**Single Figure of Total Remuneration**

The total amount paid by the Company to each of the Directors, in respect of the financial years ending 31 December 2015 and 2014, is set out in the table below:

	Salary or fees £'000		Benefits £'000		Annual Bonus £'000		PSP Awards £'000		Pension £'000		Total £'000	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Executive</b>												
Mike Norris	500.0	500.0	51.2 <sup>5</sup>	51.6	803.2 <sup>7</sup>	451.0	1,384.5 <sup>6</sup>	478.7	25.0	25.0	2,763.9	1,506.3
Tony Conophy	325.0	325.0	16.5	16.5	551.7 <sup>7</sup>	227.0	787.4 <sup>6</sup>	263.9	4.1	16.2	1,684.7	848.6
<b>Non-Executive</b>												
Greg Lock	170.0	170.0	–	–	–	–	–	–	–	–	170.0	170.0
Philip Hulme	45.0	45.0	–	–	–	–	–	–	–	–	45.0	45.0
Brian McBride <sup>1</sup>	23.5	59.0	–	–	–	–	–	–	–	–	23.5	59.0
Peter Ogden	45.0	45.0	–	–	–	–	–	–	–	–	45.0	45.0
John Ormerod <sup>2</sup>	16.1	59.0	–	–	–	–	–	–	–	–	16.1	59.0
Minnow Powell <sup>3</sup>	55.5	–	–	–	–	–	–	–	–	–	55.5	–
Regine Stachelhaus	45.0 <sup>8</sup>	45.0	–	–	–	–	–	–	–	–	45.0	45.0
Philip Yea <sup>4</sup>	30.8	–	–	–	–	–	–	–	–	–	30.8	–
<b>Total (£'000)</b>	<b>1,255.9</b>	<b>1,248.0</b>	<b>67.7</b>	<b>68.1</b>	<b>1,354.9</b>	<b>678.0</b>	<b>2,171.9</b>	<b>742.6</b>	<b>29.1</b>	<b>41.2</b>	<b>4,879.5</b>	<b>2,777.9</b>

1. Brian McBride stepped down from his role as Senior Independent Director and Remuneration Committee Chairman with effect from 18 May 2015.

2. John Ormerod stepped down from his role as a Non-Executive Director of the Board and Audit Committee Chairman with effect from 1 April 2015.

3. Minnow Powell was appointed as a Non-Executive Director with effect from 1 January 2015, and as the Audit Committee Chairman with effect from 1 April 2015.

4. Philip Yea was appointed as the Senior Independent Director and the Remuneration Committee Chairman with effect from 23 June 2015.

5. Included within this benefits figure is the cost to the Company of providing a driver service for Mike Norris which he uses for business and personal use.

6. This relates to the 2013 LTIP awards, which will be paid out in March 2016, and had a performance period of 1 January 2013 to 31 December 2015. The relevant performance criteria was partially achieved and therefore 71.5 per cent of this award vested in each of the Executive Directors. This calculation is based upon the value of a Computacenter plc share at the time of vesting, being £8.52 on 31 December 2015.

7. A full explanation of the applicable performance measures for the 2015 bonus award can be found on page 77.

8. Amount paid in Euros.

**Remuneration paid in 2015: Executive Directors**
**2015 base salary**

The annual salaries of the Executive Directors were unchanged in 2015.

**Executive Directors Annual Bonus**

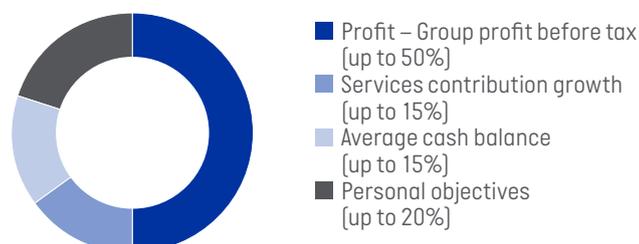
The maximum bonus opportunity in 2015 was 190 per cent of base salary for the CEO and 192.3 per cent of base salary for the FD. The 2015 Standard Annual Bonus and 2015 Additional Annual Bonus, as referred to below, are each subject to clawback provisions for a period of two years from the date of vesting, in the event that the Group misstates its financial results for the reporting period or in the event of misconduct by the Executive Director.

**2015 Standard Annual Bonus**

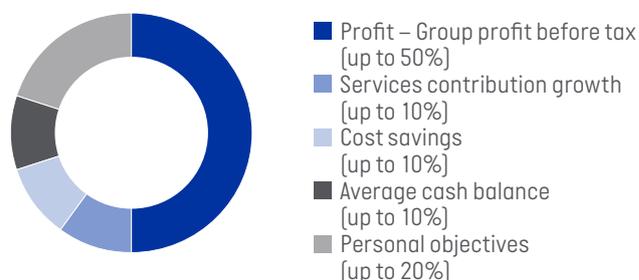
This portion of the 2015 annual bonus opportunity is driven by the financial performance of the business and individual targets for each Director. For the year ended 31 December 2015, 80 per cent of this award was conditional on the achievement of criteria linked to the financial performance of the Group. These targets are set by the Committee with reference to the Group's strategic and financial plans, as approved by the Board of Directors. Further detail on these can be found within the table on page 77 of this report. This approach is consistent with the Committee's view that variable pay for the Executive Directors should be primarily linked to the transparent and measurable delivery of value to the Company's shareholders. The non-financial Personal Objectives set for the Executive Directors are based principally on delivery against the Group's strategic objectives and certain governance-related objectives, including people development and succession planning. As is reported in more detail in the Operating Performance Review from pages 30 to 38, the Group performed well in 2015, and this is reflected in the level of Standard Annual Bonus awards vesting in the Executive Directors.

The Standard Annual bonus criteria applied for each of the Executive Directors during 2015, were as follows:

### Mike Norris – CEO (2015)



### Tony Conophy – FD (2015)



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The table below sets out details of performance against the FY 2015 Standard Annual Bonus Targets:

Measure	As a percentage of Maximum Bonus Opportunity		Performance required						Actual % achieved		Payout (£)	
			Threshold		On-target		Maximum					
	CEO	FD	CEO	FD	CEO	FD	CEO	FD	CEO	FD	CEO	FD
<b>Financial criteria</b>												
Group Profit Before Tax (£m)	50%	50%	15%	15%	32.5%	32.5%	50%	50%	33.55%	33.55%	218,075	109,037.5
Services Contribution Growth (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	14.86%	9.91%	96,590	32,207.5
Cash Balance (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	15%	10%	97,500	32,500
Cost Savings (£m)	–	10%	–	10%	–	10%	–	10%	–	10%	–	32,500
<b>Non-Financial criteria</b>												
Personal Objectives	20%	20%	1%	1%	15%	15%	20%	20%	14%	14%	91,000	45,500
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>31%</b>	<b>36%</b>	<b>77.5%</b>	<b>77.5%</b>	<b>100%</b>	<b>100%</b>	<b>77.41%</b>	<b>77.46%</b>	<b>503,165</b>	<b>251,745</b>

The specific financial targets for the Standard Annual Bonus in 2015 are still considered by the Committee to be commercially sensitive, although the Committee keeps this position under review and will disclose such targets as soon as they are deemed to no longer be so. As a result of this approach, the actual bonus targets for the 2014 full year are disclosed on page 79 of this report, and the Committee currently anticipates that the actual bonus targets for 2015 will be disclosed in the Group's 2016 Annual Report and Accounts.

### 2015 Additional Annual Bonus

As set out in the Company's 2014 Directors' Remuneration report, the Remuneration Committee decided to increase the 2015 bonus opportunity for the Executive Directors on a one-off basis, following the divestment of RDC by the Group and the significant value that this generated for shareholders. This one-off bonus opportunity equated to a maximum of £300,000 each for the CEO and FD, which represented 60 per cent of base salary for the CEO and 92.3 per cent of Base Salary for the FD. As part of the divestment of RDC, the Group entered into an Operating Agreement with RDC (under its new ownership), pursuant to which the Group had to meet targets relating to the ongoing business relationship between the parties, or make compensatory payments to the commercial counterparty to the extent that these were not achieved. The Group was required to achieve a minimum commercial services spend amount of £6.75 million with RDC during the first 12 months of the agreement. It has achieved this target and therefore this part of the performance criteria was fulfilled. Vesting of the 2015 Additional Annual Bonus was also subject to the satisfactory financial performance of the Group during the 2015 financial year. Following significant discussion, the Committee agreed that the performance of the Group in 2015 was in line with the Board's expectations, which had themselves been increased at the time of the Group's 2015 Interim Results. Therefore, the performance of the Group was deemed by the Committee to be satisfactory and the 2015 Additional Annual Bonus was paid out in full to each of the CEO and FD.

### LTIPs/PSPs

During the year, there was a pay-out of 71.5 per cent of those awards granted to the Executive Directors, pursuant to the 2013 PSP Scheme as the relevant performance criteria threshold was partially achieved.

Vesting of these awards to each Executive Director was dependent upon the achievement of the following performance measures over a three-year period, as follows:

The compound annual growth rate of the Group's adjusted fully diluted earnings per share ('EPS')	
Performance level*	Company EPS
Maximum (100 per cent vesting)	20%
In line with expectations (50 per cent vesting)	10%
Threshold (25 per cent vesting)	7.5%

\* Vesting occurs on a straight-line basis on between these thresholds.

Actual Company EPS achievement during the period 1 January 2013 to 31 December 2015 was 14.3 per cent. Accordingly, 71.5 per cent of the PSP awards granted to the Executive Directors will be paid out in March 2016.

### Remuneration awards granted in 2015: Executive Directors

#### A Share scheme interests awarded during the year

The table below details awards of conditional shares made during 2015 under the PSP scheme. The face value of the awards has been calculated based on the closing share price for the trading day immediately prior to the award date. The performance conditions for these awards are set out in more detail directly below.

Scheme/Type of Award	Number of Shares	Face Value at time of grant	Performance Conditions Applied	Amount vesting related to Threshold of Performance		Performance Period Set
				Threshold Performance [% of face value]	Maximum Performance [% of face value]	
Group CEO PSP – nil cost option	138,889	£1,000,000	Compound growth of Company Earnings Per Share (70%)	10%	100%	3 financial years from 1 January 2015
			Compound Growth of Services Revenue (30%)	25%	100%	
Group FD PSP – nil cost option	78,993	£568,750	Compound growth of Company Earnings Per Share (70%)	10%	100%	3 financial years from 1 January 2015
			Compound Growth of Services Revenue (30%)	25%	100%	

Note 1: In the event that Services Revenue growth performance is within or above the target range, but EPS growth is negative over the performance period set, no shares will vest.

Note 2: This is based on the mid-market price share price of Computacenter plc on 25 March 2015, being £7.20.

Vesting of these awards to each Executive Director will be dependent upon the achievement of the following performance measures over a three-year period, as follows:

The compound annual growth rate of the Group's adjusted fully diluted earnings per share ('EPS')	
Performance level*	Company EPS
Maximum	12.5%
In line with expectations	8.33%
Threshold	5%

The compound annual growth rate of the Group's Services Revenue ('GSR')	
Performance level*	GSR
Maximum	7.5%
In line with expectations	5.5%
Threshold	3.5%

\* Vesting occurs on a straight-line basis on between these thresholds.

**Retrospective disclosure: 2014 actual annual bonus targets**

Set out below are the actual bonus targets set for the Executive Directors in respect of the 2014 financial year, which are no longer considered 'commercially sensitive' by the Committee.

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The table below sets out details of performance against the actual FY 2014 bonus targets:

Measure	As a percentage of Maximum Bonus Opportunity		Performance required						Actual % achieved		Payout (£)	
			Threshold		On-target		Maximum					
	CEO	FD	CEO	FD	CEO	FD	CEO	FD	CEO	FD	CEO	FD
<b>Financial criteria</b>												
Group Profit Before Tax (£m)	50%	50%	£79.2		£88.0		£96.8		£86.9		£196,105	£98,052
Percentage Payout at Target			15%	15%	32.5%	32.5%	50%	50%	30.17%	30.17%		
Services Contribution Growth (£m)	15%	10%	£192.6		£214.0		£214.0		£212.9		£94,900	£31,655
Percentage Payout at Target			7.5%	5%	15%	10%	15%	10%	14.6%	9.74%		
Cash Balance (£m)	15%	10%	£41.6		£55.5		£55.5		£43.7		£56,030	£18,688
Percentage Payout at Target			7.5%	5%	15%	10%	15%	10%	8.62%	5.75%		
Cost Savings (£m)	-	10%	-		[£65.6]		-		[£66.2]		-	£26,650
Percentage Payout at Target			-	10%	-	10%	-	10%	-	8.2%**		
<b>Non-Financial criteria</b>												
Personal Objectives (out of 20)	20%	20%	1	1	15	15	20	20	16	16	£104,000	£52,000
Total	100%	100%	31%	36%	77.5%	77.5%	100%	100%	69.39%	69.86%	£451,035	£227,045

\* In respect of the Non-Financial Criteria for the CEO, these included Personal Objectives related to the following:

- Putting the French business in a solid position for future growth;
- Generating Services sales momentum in Germany;
- Implementing, to the satisfaction of the Committee, the Company's strategy as approved by the Board;
- Putting in place a formal diversity programme, and recognising the need for greater representation of women in management.

\* In respect of the Non-Financial Criteria for the FD, these included Personal Objectives related to the following:

- Supporting the continued roll out of Group-wide operating model;
- Supporting the Group's strategic initiatives through the provision of appropriate investment advice;
- Improving the working capital management of the Group's German and French business.

\*\* This outcome was as a result of discretion used by the Committee, given the overall financial performance of the Group during the year and in light of the proximity of actual achievement to the target for the relevant performance criteria.

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**Executive Director Outstanding Share Awards as at 31 December 2015**  
**Directors' Interests in Share Plans (Audited)**

	Scheme	Note	Exercise/ share price	Exercise period/ Vesting period	At 1 January 2015	Granted during the year	Exercised during the year	Lapsed	At 31 December 2015
<b>Mike Norris</b>	Sharesave*	1	320.0p	01/12/14-31/05/15	<b>4,859</b>	–	4,859	–	–
	Sharesave*	1	524.0p	01/12/19-31/05/20	<b>5,782</b>	–	–	–	<b>5,782</b>
	PSP	2	Nil	23/03/15-22/03/23	<b>230,947</b>	–	81,640	149,307	–
	PSP	3	Nil	03/05/16-02/05/24	<b>227,273</b>	–	–	–	<b>227,273</b>
	PSP	4	Nil	20/03/17-19/03/25	<b>146,520</b>	–	–	–	<b>146,520</b>
	PSP	5	Nil	20/03/18-19/03/26	–	138,889	–	–	<b>138,889</b>
<b>Tony Conophy</b>	Sharesave*	1	343.0p	01/12/17-31/05/18	<b>4,373</b>	–	–	–	<b>4,373</b>
	PSP	2	Nil	23/03/15-22/03/23	<b>127,309</b>	–	45,004	82,305	–
	PSP	3	Nil	03/05/16-02/05/24	<b>129,261</b>	–	–	–	<b>129,261</b>
	PSP	4	Nil	20/03/17-19/03/25	<b>83,333</b>	–	–	–	<b>83,333</b>
	PSP	5	Nil	20/03/18-19/03/26	–	78,993	–	–	<b>78,993</b>

- Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to employees and full-time Executive Directors of the Computacenter Group. Eligible employees can save between £5 and £500 a month to purchase options in shares in Computacenter plc at a price fixed at the beginning of the scheme term. There are no conditions relating to the performance of the Company for this scheme.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2012 to 31 December 2014 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2013 to 31 December 2015 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2014 to 31 December 2016 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011.
  - In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the performance period equals 5 per cent per annum. If the compound annual EPS growth rate over the performance period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
  - In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services growth rate over the performance period equals 3.5 per cent. If the compound annual Services growth rate over the performance period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.

\* The Sharesave scheme only requires that an employee remains employed by the Group at the end of the term of the scheme. There are no performance conditions attached.

**Director gains**  
**PSP**

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market value at exercise	Gain made
Mike Norris	26/03/2015	PSP	81,640	Nil	£7.017	£572,907
Tony Conophy	26/03/2015	PSP	45,004	Nil	£7.017	£315,815

The closing market price of an ordinary share at 31 December 2015 (being the last trading day of 2015) was 852.0 pence.

The highest price during the year was 858.5 pence and the lowest was 586.4 pence.

**Minimum shareholding requirements**

In accordance with the Group's minimum shareholding guidelines, the CEO is required to build up a shareholding that is equal to 200 per cent of his/her gross salary. In respect of the Finance Director, the threshold that is expected to be achieved is 100 per cent of his/her gross salary. It is additionally expected that the Executive Director will achieve these levels within three years of appointment. For the purposes of these requirements, options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependants. There is no requirement for the Non-Executive Directors of the Company to hold shares.

## A Directors' shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2015, is as follows:

Current Directors	Number of shares in the Company as at 31 December 2015	Percentage of requirement achieved	Interests In shares		
			SAYE	PSP	Total
Mike Norris	1,142,157	1,946 <sup>3</sup>	5,782 <sup>1</sup>	512,682 <sup>2</sup>	1,660,621
Tony Conophy	1,786,915	4,684 <sup>3</sup>	4,373 <sup>1</sup>	291,587 <sup>2</sup>	2,082,875
Greg Lock	500,000	n/a	–	–	500,000
Philip Hulme	11,067,582	n/a	–	–	11,067,582
Peter Ogden	27,994,474	n/a	–	–	27,994,474
Minnow Powell	1,340	n/a	–	–	1,340
Philip Yea	8,000	n/a	–	–	8,000
Regine Stachelhaus	–	n/a	–	–	–

Note: There has been no grant of, or trading in, shares of the Company, between 1 January 2016 and 29 February 2016, given that the Company was in a close period during this time prior to the release of its 2015 Annual Results.

1. There are no conditions relating to the performance of the Company or individual for the vesting of this scheme.
2. There are performance conditions for this scheme as set out below the table on page 80.
3. Based on the Company's closing share price as at 31 December 2015, being £8.52.

Executive Directors are deemed to be interested in the unvested shares held by the Computacenter Employee Benefit Trust (1,999,249 ordinary shares held as at 31 December 2015).

### Dilution limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its Option, PSP and Sharesave plans. In line with best practice, the use of new or treasury shares to satisfy awards made under all share schemes, is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of 5 per cent in the same period. The Company's current position against its dilution limit is therefore under each of these thresholds. The Company regularly reviews its position against the dilution guidelines and, should there be insufficient headroom within which to grant new awards which could be satisfied by issuing new shares, it is the intention of the Company to continue its current practice of satisfying new awards with shares purchased on the market.

### Payments to past Directors and Payments for loss of office

There have been no payments made to past Directors and no payments made for loss of office during the period.

### Executive service contracts

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

Director	Start Date	Expiry Date	Unexpired Term	Notice Period (months)
Mike Norris	23/04/1998	n/a	None specified	12
Tony Conophy	23/04/1998	n/a	None specified	12

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

### External appointments for Executive Directors

Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman of the Board, and any such Executive Director is permitted to retain any fees paid for such services. During 2015, Mike Norris served as a Non-Executive Director of Triage Holdings Limited and received a fee of £16,000.

### Non-Executive Directors' letters of appointment

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third Annual General Meeting following their appointment, which may be renewed at that point for a further three-year term. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he is due to retire, then his or her appointment will terminate. The Board has agreed that all Directors will be subject to re-election at the AGM on 19 May 2016, with the exception of Philip Yea, who will be subject to election for the first time at that meeting.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office. The appointments continue until the expiry dates set out below, unless terminated for cause or on the period of notice stated below:

Director	Date of latest letter of appointment	Expiry Date	Notice Period
Greg Lock	13 May 2014	13 May 2017	3 months
Philip Hulme	2 May 2013	2 May 2016	3 months
Peter Ogden	10 May 2013	10 May 2016	3 months
Minnow Powell	1 January 2015	1 January 2018	3 months
Philip Yea	23 June 2015	23 June 2018	3 months
Regine Stachelhaus	1 July 2013	1 July 2016	3 months

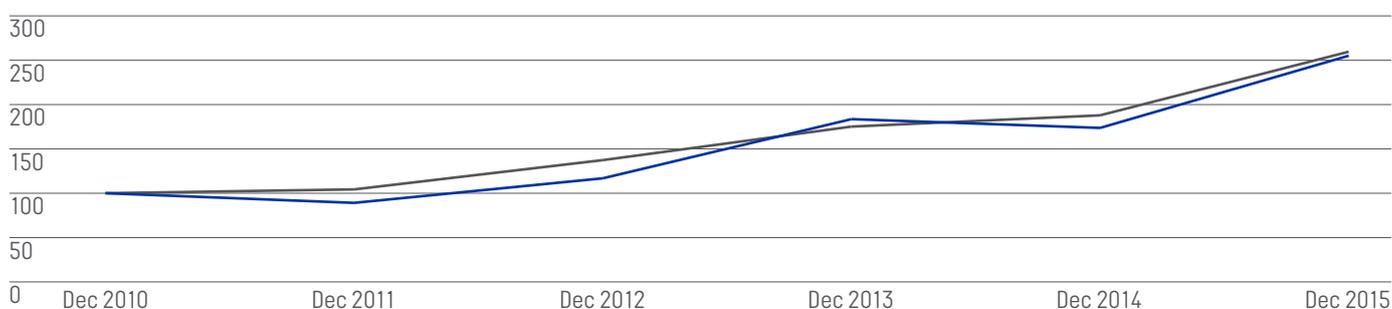
In 2016, the Chairman will be paid a single consolidated fee of £195,000. The Non-Executive Directors are paid a basic fee, plus additional fees for Chairmanship of Board Committees.

The annual rates of Non-Executive Directors' fees are shown in the table below. There has been a rise in the base fee for Non-Executive Directors in 2016, as a result of the findings of a benchmarking exercise by the Company's Remuneration Consultants which was carried out by the Company at the end of 2015. These are generally reviewed every two years and, therefore, the next scheduled review will be in December 2017:

Position	2015 Annual Fees (£)	2016 Annual Fees (£)
Non-Executive Director	45,000	50,000
Additional fee for the Chairmanship of the Audit Committee	14,000	16,000
Additional fee for the Chairmanship of the Remuneration Committee	8,000	10,000
Additional fee for the position of Senior Independent Director	6,000	6,000

## Performance of the Company

### Total shareholder return performance [Computacenter versus FTSE Software and Computer Services sector]



■ Computacenter  
■ FTSE All Share – Software and Computer Services

In this graph, TSR performance shows the value, in December 2015, of £100 invested in the Company's shares in December 2010, assuming that all dividends received between December 2010 and December 2015 were reinvested in the Company's shares.

### CEO pay history

The table below shows the total remuneration figure for the CEO over the previous seven financial years. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus and LTIP percentages show the pay-out for each year as a percentage of the maximum.

	2009	2010	2011	2012	2013	2014	2015
CEO single figure of remuneration	1,407,034	1,910,675	1,878,675	1,085,300	937,300	1,506,300	<b>2,763,900</b>
Annual bonus pay-out (as a % of maximum opportunity)	87%	98.5%	63.7%	26.8%	61.2%	69.39%	<b>84.54%</b>
Annual bonus	413,250	467,875	350,350	161,000	367,000	451,035	<b>803,200</b>
PSP vesting (as a % of maximum opportunity)	100%	100%	100%	58.5%	0%	35.34%	<b>71.5%</b>
PSP vesting	489,235	938,201	997,351	385,355	0	478,679	<b>1,384,500</b>

### Percentage change in remuneration of CEO and employees

The table below sets out the percentage change in the salary, benefits and annual bonus of the Group CEO compared to the average amount paid to Computacenter employees in the UK, between the year ended 31 December 2014 and 31 December 2015.

	Salary	Benefits	Annual bonus potential
Group CEO	0%	-0.8%	46.2%*
Computacenter UK-based employees	1.93%	4.05%	1.87%

The comparator Group of Computacenter UK based employees was chosen as the Committee believes it provides a sufficiently large comparator Group based on similar incentive structure to the CEO and reduces any distortion arising from currency and cost of living differences in other geographies in which the Group operates.

\*This includes the 2015 Additional Annual Bonus, as explained on page 77.

### Relative importance of spend on pay

The charts below show the relative expenditure of the Group on the pay of its employees, against certain other key financial indicators of the Group:

#### Expenditure on Group Employees' Pay

2015  +0.1% **£543.1m**  
2014  £542.6m

#### Shareholder Distributions (Ordinary Dividend and Return of Capital)

2015  +389.5% **£121.4m**  
2014  £24.8m

#### Group Adjusted Profit Before Tax\*\*

2015  +7.2% **£86.9m**  
2014  £81.1m

\*\*As well as information prescribed by current remuneration reporting regulations, Group adjusted profit before tax<sup>1</sup> has also been included as this is deemed to be a key performance indicator of the Group which is linked to the delivery of value to our shareholders. The 2014 and 2015 Group adjusted profit before tax<sup>1</sup> measure both exclude the impact of the Group's former subsidiary RDC, which was divested by the Group on 2 February 2015.

### Statement of implementation of remuneration policy in the following financial year

Executive Director Remuneration for 2016 will be in accordance with the terms of our Directors' Remuneration Policy table, as set out on pages 72 to 74 of this report.

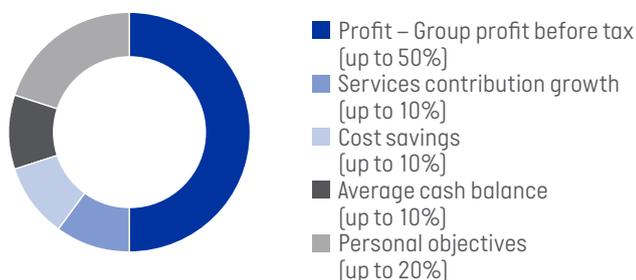
#### 2016 base salaries

The base salary of the CEO is increasing by 5 per cent to £525,000, whilst the salary of the FD will go up by 4.6 per cent to £340,000.

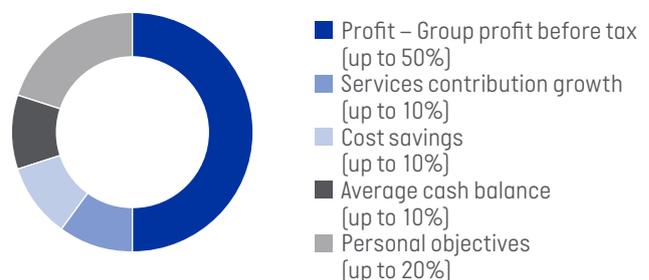
#### 2016 annual bonus scheme

The performance measures and weightings for the 2016 Annual Bonus Scheme will be as follows:

#### Mike Norris – CEO (2016)



#### Tony Conophy – FD (2016)



The proposed levels for 2016 have been set to be challenging relative to our 2016 business plan. The targets themselves, as they relate to the 2016 financial year, are deemed by the Committee to be commercially sensitive and therefore have not been disclosed. They will be disclosed at such time as the Committee no longer deems them to be so, and it currently anticipates including these in the Company's 2017 Annual Report and Accounts.

The maximum bonus opportunity for the Executive Directors in 2016 will be 124 per cent of base salary of the CEO, and up to 100 per cent of base salary for the FD.

**2016 PSP Scheme**

The award levels of Performance Shares for the Executive Directors in the 2016 financial year are 200 per cent of salary for the CEO and 175 per cent of salary for the Finance Director. The 2016 financial year LTIP awards will be subject to the following performance conditions:

(a) In respect of 70 per cent of the total PSP award made to the Executive Directors in 2016:

	Below Threshold [0% vesting]	Threshold Vesting [10% vesting]	On-target [50% vesting]	Maximum [100% vesting]
Compound Annual Growth of Company Earnings per Share	< than 5%	5%	8.33%	12.5%

In respect of the growth of Earnings per Share, awards will vest on a straight line between these points. These targets will require management to deliver a strong, sustainable performance over the period.

(b) In respect of 30 per cent of the total PSP award made to the Executive Directors in 2016, these will be subject to targets based on growth of the Group's Services revenue over the three year performance period. These targets are currently deemed to be commercially sensitive, but in accordance with the Company's approach in this area, these will be disclosed once they are no longer deemed to be so. The Committee currently anticipates that Services revenue targets for the 2016 PSP scheme will be disclosed in its 2016 Annual Report and Accounts. This achievement will be measured on a constant currency<sup>2</sup> basis.

**Statement of voting at 2015 AGM**

The results of voting on the Directors' Remuneration report at the Company's 2015 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast		Votes Withheld/abstentions	
97,049,512	79.1%	1,346,084	1.1%	98,395,596	80.2%	10,891,965	8.8%

The Committee is grateful for the continuing support of shareholders, and in order to ensure that this continues, the Committee will ensure that it consults with shareholders on major issues on which it feels it is appropriate to do so. It will also continue to adhere to its underlying principle of decision-making that Executive Director pay must be linked to performance and the sustainable delivery of value to our shareholders.

This Annual Remuneration report has been approved by the Board of Directors and signed on its behalf by:



**Philip Yea**  
Chairman of the Remuneration Committee

11 March 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Parent Company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

**DIRECTORS' RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Annual Report from pages 1 to 85 was approved by the Board of Directors and authorised for issue on 11 March 2016 and signed for on behalf of the Board by:



**Mike Norris**  
Chief Executive Officer



**Tony Conophy**  
Group Finance Director

11 March 2016

**OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT**

**1 Our opinion on the Financial Statements is unmodified**

We have audited the Financial Statements of Computacenter plc for the year ended 31 December 2015 set out on pages 90 to 139.

In our opinion:

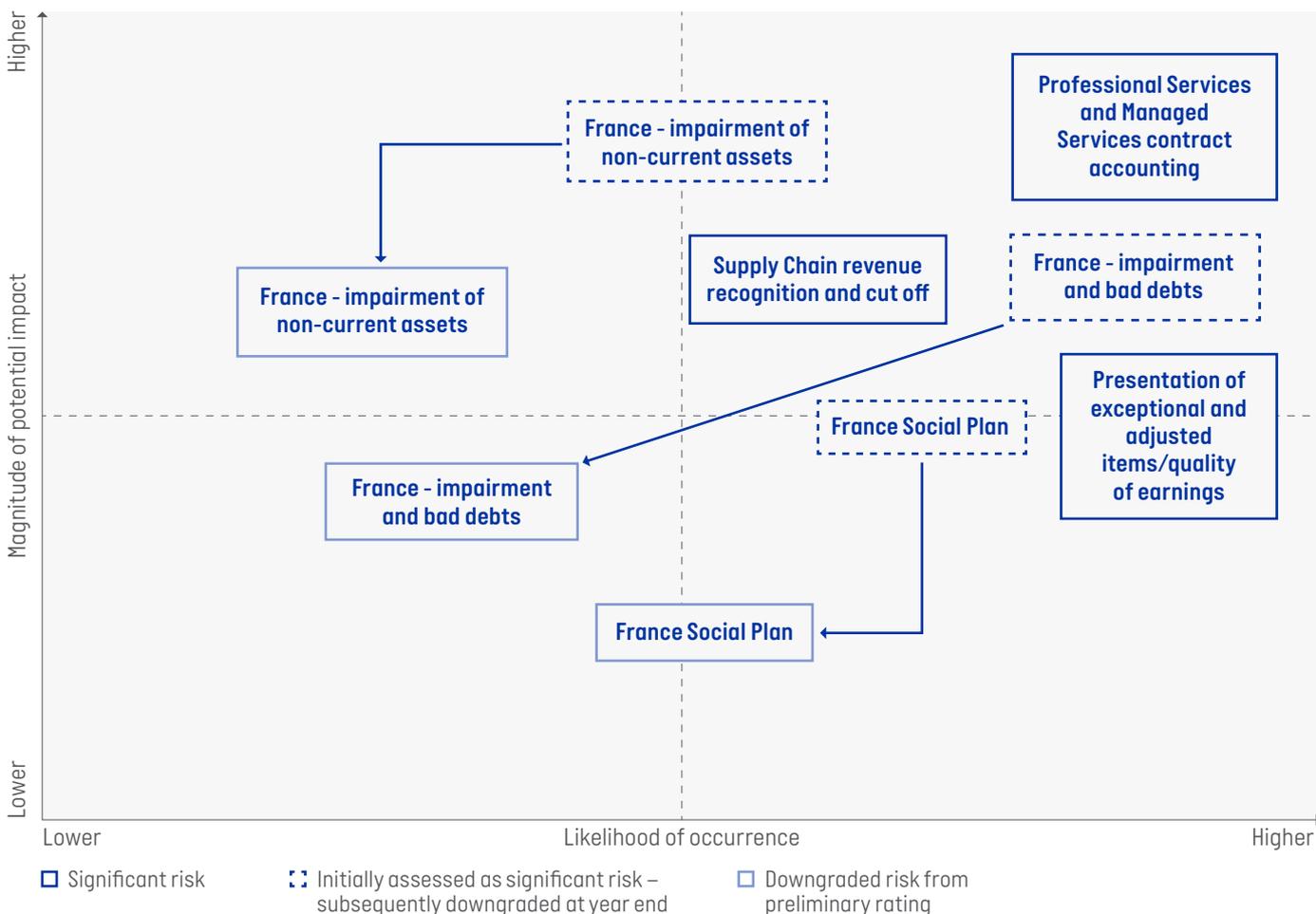
- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

**2 Our assessment of risks of material misstatement**

When planning our audit we made an assessment of the relative significance of the key risks of material misstatement to the Group Financial Statements initially without taking account of the effectiveness of controls implemented by the Group. As part of our audit planning procedures, we presented and discussed our initial assessment of key risks to the Audit Committee. This is shown in our risk map below and identified six key risks of material misstatement that were expected to have the greatest effect on our audit.

Throughout our audit we continually reassess the significance of each of these key risks. It was determined that the performance of the French business had improved sufficiently such that the risk of material impairment of accounts receivable or non-current assets, was no longer one of those having the greatest effect on our audit. Furthermore, following actual experience of executing the French Social Plan, it was considered that the risk that this provision was materially misstated was reduced such that this was also no longer one of those having the greatest effect on our audit.

We summarise below (i) the three key risks of material misstatement that had the greatest effect on our audit (in decreasing order of audit significance), (ii) our key audit procedures to address those risks and (iii) our findings from those procedures in order that the Company's members as a body may understand better the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the Financial Statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the Financial Statements.



**Professional Services and Managed Services contract revenue (£990.5 million)**

Refer to page 66 (Audit Committee report), page 96 (accounting policy) and page 103 (financial disclosures).

**The risk** – For a limited number of Managed and Professional Services contracts revenue is based on the contract price allocated to the stage of completion, by reference to the proportion of costs to date to forecast full costs. Due to the complex nature of the managed services which include both transition and transformation projects, there are risks that the costs of fulfilling the remaining service obligations could escalate. This uncertainty makes revenue recognition subjective. Furthermore, where cost forecasts are insufficiently certain, accounting standards limit the revenue; and where forecast costs exceed the balance of the contract price, provision for loss is required.

**Our response** – Our procedures included detailed reviews of contracts selected based upon risk indicators such as contract complexity, margin changes compared to the prior period, loss-making contracts and their relative magnitude of revenue or contribution recognised in the year. For these contracts we inspected the detailed terms to identify the service obligations. We considered contract progress by inspecting customer sign off on acceptance of the deliverables and costs of that progress in comparison to the Group's original forecasts. This informed our view of contract risks. We then reviewed the future cost forecasts by reference to the Group's forecasting record. This was completed through retrospective review of the accuracy of forecast revenue, costs and thus contribution for a sample of completed projects in the year. Future forecast costs including the risks and judgements within these forecasts were corroborated by obtaining evidence to support selected inputs. We also considered whether the stage of completion and degree of risk in each selected contracts was such that the revenue ought to be limited in accordance with accounting standards. We also assessed the adequacy of the Group's disclosure about estimation uncertainty regarding Managed and Professional Services revenue.

**Our findings** – We found the resulting estimates of revenue to be mildly cautious, including after allowing for two audit differences that were each significantly below our materiality and which also offset each other to give no net effect on profit before tax. We found the Group's disclosures to be proportionate in their description of the estimation uncertainty regarding Managed and Professional Services revenue.

**Supply Chain revenue recognition and cut off (£2.1 billion)**

Refer to page 66 (Audit Committee report), page 101 (accounting policy) and page 103 (financial disclosures).

**The risk** – Supply Chain revenue includes revenues from many different product groups each sold with varying terms and conditions that impact the point in time at which all delivery obligations, and therefore the transfer of the risks and reward of ownership, have been fulfilled/transferred, and hence revenue is recognised. Whilst there is little judgement required to identify the appropriate accounting policy for any individual contract, the number and variety of contracts give rise to some risk that an inappropriate policy is selected. A larger risk arises from the fact that a significant proportion of this revenue stream is delivered and recognised in the final month of the year, leading to significant scope for error in the application of the relevant principle.

**Our response** – We tested the controls that are designed to ensure that each Supply Chain revenue transaction is recognised in accordance with the Group accounting policies. A sample of transactions from before and after the year end were assessed for the application of the appropriate policy and agreed to supporting documentation, such as proof of delivery or signed buy and store agreements, in order to assess whether the policy had been correctly applied to recognise revenue in the current period or not as the case may be. We also tested a sample of credit notes raised subsequent to the year end and obtained the corresponding sales invoice and proof of delivery to assess whether Supply Chain revenue was recognised in the correct period.

**Our findings** – Our testing identified weaknesses in the design and operation of SAP user access controls. As a result we changed our procedures in order to test IT Application Controls in respect of the Supply Chain revenue process throughout the year. Our testing did not identify weaknesses in the operation of these controls that would have required us to expand the extent of our planned substantive audit procedures. In our tests of selection and application of policies to contracts, we found no errors.

**PRESENTATION OF UNDERLYING PROFIT AND CLASSIFICATION OF EXCEPTIONAL ITEMS (£41.1 MILLION)**

Refer to page 67 (Audit Committee report), page 96 (accounting policy) and page 108 (financial disclosures).

**The risk** – The Group's measure of underlying profit, in the income statement and throughout the Annual Report, is stated before: [1] £1.5 million (charge) of redundancy and other restructuring costs [2014: £9.1 million (charge)]; [2] £0.4 million (credit) in respect of the improvement in contract margins on onerous contracts [2014: £1.5 million (credit)]; and [3] £42.2 million gain on disposal of RDC [2014: £nil]. The Directors believe that the separate identification of exceptional items and the resultant presentation of alternative income statement measures can assist shareholders to obtain a more detailed and hence better understanding of the Group's performance. However, when improperly used and presented, these kinds of measures might prevent the Annual Report from being fair, balanced and understandable by focusing on only part of the performance. The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgement on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

**Our response** – Our procedures included evaluating appropriateness of the Group's principles for identifying material or unusual items, by considering them against accounting standards for the separate identification of material items and the Financial Reporting Council's guidance on the reporting of exceptional items. We then assessed the application of these principles by assessing whether the approach taken to identify exceptional items was consistent between gains and losses; assessing whether the same category of material items are treated consistently each year; assessing whether the tax effects of exceptional items are explained; by agreeing amounts incurred in the year to underlying documentation and supporting information; and by using our knowledge of the Group's transactions gained throughout the audit to consider the completeness of exceptional items.

We assessed the presentation of the underlying measure, in particular whether the separate disclosure and related commentary of 'underlying' profit throughout the Annual Report and Accounts placed disproportionate emphasis on that component of performance; whether the Adopted IFRS and 'underlying' financial information are reconciled with sufficient prominence given to that reconciliation; whether the basis of the 'underlying' financial information is clearly and accurately described; and whether the 'underlying' financial information is not otherwise misleading.

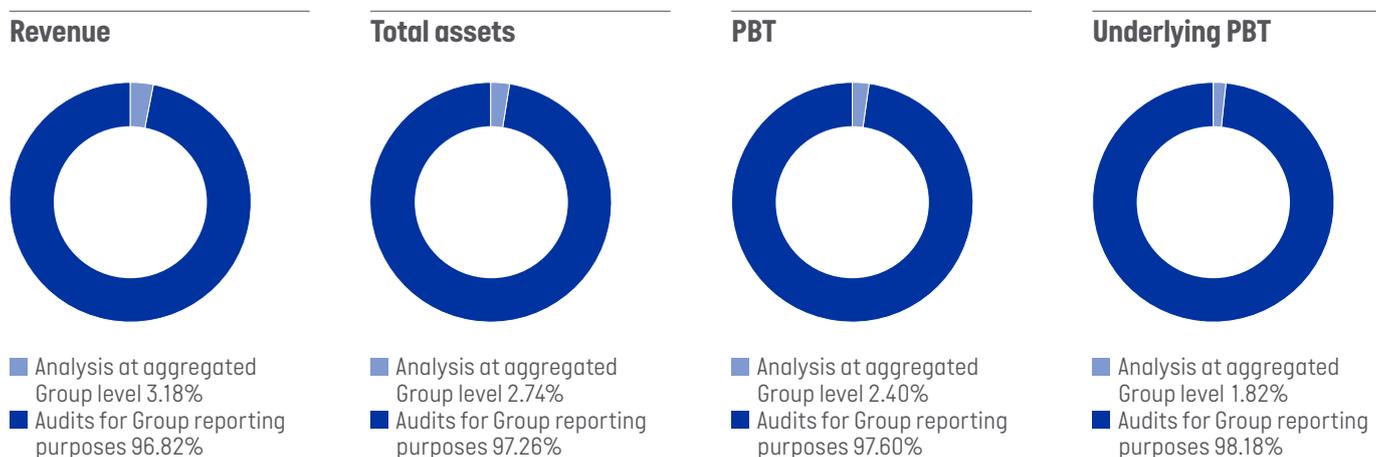
**Our findings** – We found that the Group's policies for exceptional items were balanced. We found that judgements of amounts falling within the policy were balanced. We found the presentation to be proportionate.

### 3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group Financial Statements as a whole was set at £4.0 million, determined with reference to a benchmark of Group profit before taxation, normalised to exclude exceptional items defined on page 108 as presented separately in the Income Statement, of £41.1 million, of which it represents 4.7%. Our work on those separate items is described above.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's fifteen reporting components, we subjected three to audits for Group reporting purposes which are situated in the UK, France and Germany. For the remaining components we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. The components within the scope of our work accounted for the following percentages of the Group's results.



The Group operates a Shared Service Centre (SSC) in Budapest, Hungary, the outputs of which are included in the financial information of the three reporting components and therefore it is not a separate reporting component. Audit procedures were performed at the SSC which focus on the testing of trade receivables and trade payables transaction processing.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £2.0 million to £3.0 million, having regard to the mix of size and risk profile of the Group across the components. The work on two of the three components was performed by component auditors and the rest by the Group audit team.

The Group audit team visited the two overseas component locations in France and Germany in addition to the SSC in Hungary, including to assess the audit risk and strategy. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

#### 4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

#### 5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' viability statement on pages 59 and 60, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the next three years; or
- the disclosure on page 67 of the Financial Statements concerning the use of the going concern basis of accounting.

#### 6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the Financial Statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee report on page 66 does not appropriately address matters communicated by us to the Audit Committee.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 59, 60 and 65, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 58 to 59 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

#### SCOPE AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities statement set out on page 85, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate). This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at [www.kpmg.com/uk/auditscopeukco2014b](http://www.kpmg.com/uk/auditscopeukco2014b), which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.



**Tudor Aw (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

11 March 2016

**CONSOLIDATED INCOME STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2015

**CONSOLIDATED INCOME STATEMENT**

	Note	2015 £'000	2014 £'000
<b>Revenue</b>	3	<b>3,057,615</b>	3,107,759
Cost of sales		<b>(2,654,468)</b>	(2,697,842)
<b>Gross profit</b>		<b>403,147</b>	409,917
Administrative expenses		<b>(315,380)</b>	(323,814)
<b>Operating profit:</b>			
<b>Before amortisation of acquired intangibles and exceptional items</b>		<b>87,767</b>	86,103
Amortisation of acquired intangibles		<b>(1,553)</b>	(1,868)
Exceptional items	5	<b>(1,029)</b>	(7,588)
<b>Operating profit</b>		<b>85,185</b>	76,647
Exceptional gain on disposal of a subsidiary	5	<b>42,155</b>	–
Finance revenue	7	<b>1,598</b>	1,615
Finance costs	8	<b>(2,171)</b>	(1,844)
<b>Profit before tax</b>		<b>126,767</b>	76,418
<b>Income tax expense:</b>			
Before exceptional items		<b>(23,605)</b>	(21,115)
Exceptional items	5	<b>(52)</b>	(185)
Income tax expense	9	<b>(23,657)</b>	(21,300)
<b>Profit for the year</b>		<b>103,110</b>	55,118
<b>Attributable to:</b>			
Equity holders of the parent		<b>103,110</b>	55,117
Non-controlling interests		–	1
<b>Profit for the year</b>		<b>103,110</b>	55,118
<b>Earnings per share</b>			
– basic	10	<b>83.9p</b>	40.5p
– diluted	10	<b>82.1p</b>	40.0p

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	2015 £'000	2014 £'000
Profit for the year:	<b>103,110</b>	55,118
<i>Items that may be reclassified to consolidated income statement</i>		
Gain/(loss) arising on cash flow hedge, net of amount transferred to consolidated income statement	<b>1,191</b>	(251)
Income tax effect	<b>(244)</b>	54
	<b>947</b>	(197)
Exchange differences on translation of foreign operations	<b>(7,783)</b>	(10,976)
	<b>(6,836)</b>	(11,173)
<i>Items not to be reclassified to consolidated income statement:</i>		
Remeasurement of defined benefit plan	<b>24</b>	(1,177)
Other comprehensive income for the year, net of tax	<b>(6,812)</b>	(12,350)
Total comprehensive income for the year	<b>96,298</b>	42,768
<b>Attributable to:</b>		
Equity holders of the parent	<b>96,299</b>	42,768
Non-controlling interests	<b>(1)</b>	–
	<b>96,298</b>	42,768

**CONSOLIDATED BALANCE SHEET**

AS AT 31 DECEMBER 2015

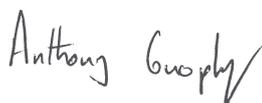
**CONSOLIDATED BALANCE SHEET**

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Property, plant and equipment	12	57,132	79,940
Investment property	13	10,260	–
Intangible assets	14	81,533	90,344
Investment in associate	16a	40	42
Deferred income tax asset	9d	12,840	15,049
		<b>161,805</b>	185,375
<b>Current assets</b>			
Inventories	17	45,647	50,006
Trade and other receivables	18	621,756	695,915
Prepayments		44,735	52,688
Accrued income		61,785	50,869
Derivative financial instruments	25	2,220	2,434
Current asset investments		15,000	–
Cash and short-term deposits	19	111,770	129,865
		<b>902,913</b>	981,777
<b>Total assets</b>		<b>1,064,718</b>	1,167,152
<b>Current liabilities</b>			
Trade and other payables	20	581,855	635,279
Deferred income		93,861	106,862
Financial liabilities	21	4,279	6,850
Derivative financial instruments	25	922	389
Income tax payable		10,981	9,810
Provisions	24	4,050	9,808
		<b>695,948</b>	768,998
<b>Non-current liabilities</b>			
Financial liabilities	21	1,703	3,818
Provisions	24	5,094	8,176
Deferred income tax liabilities	9d	523	748
		<b>7,320</b>	12,742
<b>Total liabilities</b>		<b>703,268</b>	781,740
<b>Net assets</b>		<b>361,450</b>	385,412
<b>Capital and reserves</b>			
Issued capital	27	9,297	9,283
Share premium	27	3,830	4,597
Capital redemption reserve	27	74,957	74,957
Own shares held	27	(10,571)	(10,760)
Translation and hedging reserves	27	(11,161)	(4,326)
Retained earnings		295,086	311,648
<b>Shareholders' equity</b>		<b>361,438</b>	385,399
Non-controlling interests		12	13
<b>Total equity</b>		<b>361,450</b>	385,412

Approved by the Board on 11 March 2016



**MJ Norris**  
Chief Executive Officer



**FA Conophy**  
Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Translation and hedging reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>At 1 January 2015</b>	<b>9,283</b>	<b>4,597</b>	<b>74,957</b>	<b>(10,760)</b>	<b>(4,326)</b>	<b>311,648</b>	<b>385,399</b>	<b>13</b>	<b>385,412</b>
Profit for the year	-	-	-	-	-	103,110	103,110	-	103,110
Other comprehensive income	-	-	-	-	(6,835)	24	(6,811)	(1)	(6,812)
Total comprehensive income	-	-	-	-	(6,835)	103,134	96,299	(1)	96,298
Cost of share-based payments	-	-	-	-	-	4,670	4,670	-	4,670
Tax on share-based payments	-	-	-	-	-	1,659	1,659	-	1,659
Exercise of options	-	-	-	9,967	-	(4,635)	5,332	-	5,332
Return of Value (RoV)	-	-	-	-	-	(97,916)	(97,916)	-	(97,916)
Expenses on RoV	-	(753)	-	-	-	-	(753)	-	(753)
Issues of B shares relating to RoV	14	(14)	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(9,778)	-	-	(9,778)	-	(9,778)
Equity dividends	-	-	-	-	-	(23,474)	(23,474)	-	(23,474)
<b>At 31 December 2015</b>	<b>9,297</b>	<b>3,830</b>	<b>74,957</b>	<b>(10,571)</b>	<b>(11,161)</b>	<b>295,086</b>	<b>361,438</b>	<b>12</b>	<b>361,450</b>
<b>At 1 January 2014</b>	<b>9,271</b>	<b>4,362</b>	<b>74,963</b>	<b>(11,976)</b>	<b>6,649</b>	<b>281,388</b>	<b>364,657</b>	<b>13</b>	<b>364,670</b>
Profit for the year	-	-	-	-	-	55,117	55,117	1	55,118
Other comprehensive income	-	-	-	-	(10,975)	(1,373)	(12,350)	(1)	(12,351)
Total comprehensive income	-	-	-	-	(10,975)	53,744	42,767	-	42,768
Prior period corrections	6	-	(6)	695	-	(695)	-	-	-
Cost of share-based payments	-	-	-	-	-	2,810	2,810	-	2,810
Tax on share-based payments	-	-	-	-	-	39	39	-	39
Exercise of options	6	235	-	2,804	-	(965)	2,080	-	2,080
Purchase of own shares	-	-	-	(2,283)	-	-	(2,283)	-	(2,283)
Equity dividends	-	-	-	-	-	(24,673)	(24,673)	-	(24,673)
<b>At 31 December 2014</b>	<b>9,283</b>	<b>4,597</b>	<b>74,957</b>	<b>(10,760)</b>	<b>(4,326)</b>	<b>311,648</b>	<b>385,399</b>	<b>13</b>	<b>385,412</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2015

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	2015 £'000	2014 £'000
<b>Operating activities</b>			
Profit before tax		126,767	76,418
Net finance costs		573	229
Depreciation of property, plant and equipment	12	18,885	20,398
Depreciation of investment property	13	227	–
Amortisation of intangible assets	14	13,311	12,675
Share-based payments		4,670	2,810
Loss on disposal of property, plant and equipment		388	676
Loss on disposal of intangibles		9	1
Exceptional gain from disposal of a subsidiary		(42,155)	–
Net cash flow from inventories		(4,530)	5,834
Net cash flow from trade and other receivables		46,023	(51,167)
Net cash flow from trade and other payables		(43,073)	50,275
Net cash flow from provisions		(8,009)	(1,851)
Other adjustments		(137)	(473)
Cash generated from operations		112,949	115,825
Income taxes paid		(18,611)	(21,408)
<b>Net cash flow from operating activities</b>		<b>94,338</b>	<b>94,417</b>
<b>Investing activities</b>			
Interest received		1,598	1,615
Increase in current asset investments		(15,000)	–
Proceeds from disposal of a subsidiary, net of cash disposed of		56,145	–
Acquisition of subsidiaries, net of cash acquired	16b	–	(465)
Proceeds from disposal of property, plant and equipment		653	44
Purchases of property, plant and equipment	12	(13,303)	(12,189)
Proceeds from disposal of intangible assets		–	1
Purchases of intangible assets	14	(7,294)	(5,494)
<b>Net cash flow from investing activities</b>		<b>22,799</b>	<b>(16,488)</b>
<b>Financing activities</b>			
Interest paid		(2,171)	(1,275)
Dividends paid to equity shareholders of the parent	11	(23,474)	(24,673)
Return of Value		(97,916)	–
Expenses on Return of Value		(753)	–
Proceeds from share issues		5,332	1,791
Purchase of own shares		(9,778)	(2,283)
Repayment of capital element of finance leases		(3,223)	(4,983)
Repayment of loans		(1,713)	(7,767)
New borrowings		1,030	3,908
<b>Net cash flow from financing activities</b>		<b>(132,666)</b>	<b>(35,282)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(15,529)</b>	<b>42,647</b>
Effect of exchange rates on cash and cash equivalents		(1,937)	(3,835)
Cash and cash equivalents at the beginning of the year	19	129,146	90,334
<b>Cash and cash equivalents at the year end</b>	19	<b>111,680</b>	<b>129,146</b>

**1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS**

The consolidated Financial Statements of Computacenter plc (Parent Company) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 11 March 2016. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the Financial Statements of the Group for the year ended 31 December 2015 and applied in accordance with the Companies Act 2006.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The consolidated Financial Statements are presented in Pounds Sterling (£) and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

**Basis of consolidation**

The consolidated Financial Statements comprise the Financial Statements of Computacenter plc and its subsidiaries as at 31 December each year. The Financial Statements of subsidiaries are prepared for the same reporting year as the Parent Company, using existing GAAP in each country of operation. Adjustments are made on consolidation for differences that may exist between the respective local GAAPs and IFRS.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

**Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these standards did not have any effect on the financial performance or position of the Group. They may however give rise to additional disclosures. The other pronouncements which came into force during the year were not relevant to the Group:

**IFRIC 21 – Levies****Annual Improvements to IFRSs – 2010-2012 Cycle  
Endorsed [9 January 2015] – EU effective date 1 February 2015**

This cycle of improvements contains amendments to:

- IFRS 2 Share-based payment – definition of 'vesting condition';
- IFRS 8 Operating segments – disclosures on the aggregation of operating segments;
- IFRS 13 Fair value measurement – measurement of short-term receivables and payables;
- IAS 24 Related party disclosures – definition of 'related party'.

**Annual Improvements to IFRSs – 2011-2013 Cycle  
Endorsed [18 December 2014]**

This cycle of improvements contains amendments to:

- IFRS 13 Fair value measurement – scope of portfolio exception;
- IAS 40 Investment property – inter-relationship of IFRS 3 and IAS 40.

**New and revised standards and interpretations not applied**

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in years beginning after 31 December 2015.

**Effective for the year ending 31 December 2017**

IAS 16 and IAS 38 Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation.

IAS 27 Amendments relating to Equity Method in Separate Financial Statements.

IFRS 10 and IAS 28 Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

IFRS 11 Amendments relating to Acquisitions of Interests in Joint Operations.

**Effective for the year ending 31 December 2018**

IFRS 15 Revenue from Contracts with Customers (IFRS 15).

**Effective for the year ending 31 December 2019**

IFRS 9 Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Management's assessment of the impact and accepted best practice is ongoing. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts. With the exception of IFRS 15, it is not anticipated that the adoption of these standards and interpretations will have a material impact on the Group's accounts. Management is currently assessing the implication of IFRS 15 on the Group Financial Statements but has not yet formed a conclusion.

### Critical judgements and estimates

The preparation of Financial Statements requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

### Critical Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years affected. The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Impairment of intangible assets, goodwill and other non-current assets

Determining whether goodwill, intangible assets and other non-current assets are impaired requires an estimation of their recoverable amount which is the higher of either the value in use to the cash-generating units (CGU) to which these assets belong or the fair value less costs of disposal. The value in use calculation requires appropriate forecasts of future cash flows expected to arise for the CGU and the selection of suitable discount rates and future growth rates. The Group reviews impairment of these assets at least on an annual basis, or more frequently if there is an indicator of impairment.

Further detail on the impairment testing of intangible assets, goodwill and non-current assets is disclosed in note 15.

#### Provisions

Provisions are established by the Group based on Management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from Management's expectations, differences from the amount initially provided will impact the income statement in the year the outcome is determined.

As disclosed in note 24, the Group's provisions principally relate to obligations arising from onerous lease property provisions, customer contract provisions, restructuring provisions and retirement benefit obligations. Further details of specific estimates used in arriving at these provisions are provided in the note.

#### Providing for doubtful debts

The Group provides services and equipment to business and public sector customers, mainly on credit terms. Management know that certain debts due to us will not be paid through the default of a small number of our customers. Estimates, based on our historical experience, are used in determining the level of debts that we believe will not be collected. These estimates include such factors as the current state of the economy, particular industry issues and the individual credit risk assessed against each customer. Refer to note 25 for further details on credit risk.

The value of the provision for doubtful debts is disclosed in note 18.

#### Taxation

In arriving at the current and deferred tax liability the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities. Liabilities have been calculated based on Management's assessment of relevant information and advice. Where outcomes differ from the amounts initially recorded, such differences impact current and deferred tax amounts in the year the outcome is determined.

Further details on the deferred tax balances held at 31 December 2015 are disclosed in note 9d.

#### Revenue recognition

For a limited number of Services contracts, an estimate of the total contract costs and total contract revenues is required to determine the stage of completion.

The Group accounts for these contracts using the percentage-of-completion (units of work) method, recognising revenue and direct costs as performance on the contract progresses through the recorded utilisation of our services. This method places considerable importance on accurate estimates of the extent of progress towards completion of the contract and may involve estimates on the scope of services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical risks, and other judgements. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease in revenue recognised at a point in time.

When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

### Critical Judgements

Judgements made by Management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the Financial Statements:

#### Exceptional items

Management is required to exercise its judgement in the classification of certain items as exceptional and outside of the Group's adjusted results.

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

Management have considered the materiality, infrequency and nature of the French Social Plan against the requirements and guidance provided by IAS 1, our Group accounting policies and recent press releases from the Financial Reporting Council (FRC). Management judged that classifying the scale and transformative nature of the restructuring programme in France and the subsequent expense related to the French Social Plan as an exceptional item in the income statement provides the best guidance as to the underlying profitability trends within the Group and to present the results of the Group in accordance with the policy above.

During 2015 the reversal of the unutilised portion of the onerous Services contracts provision was classified as an exceptional item as the original expense relating to the provision was classified as such in 2013.

#### Asset held for sale

At the time of approving the 2014 year-end Annual Report and Accounts, Management made a judgement in deciding that the sale of its subsidiary, RDC, should not be accounted for as an asset held for sale under the Group's relevant accounting policy disclosed later in this note. Management considered the timeline of events from the unsolicited enquiry from the purchaser near the end of the reporting year through to the rapid conclusion of the sale process on 2 February 2015, amongst other factors, when making the judgement.

Management had neither a programme for the disposal of the asset or a plan to market RDC for sale to any other party during 2014 or 2015. The sale process began following the purchaser's opportunistic approach in late 2014.

Management did not consider the sale of RDC probable at the end of 2014 reporting year, based on the stage of discussions with the purchaser.

#### Property, plant and equipment

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

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

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

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

#### Leases

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

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

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

#### Investment property

Investment property is defined as land and/or buildings held by the Group to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in the supply of goods or services or for administrative purposes. The Group recognises any part of an owned (or leased under a finance lease) property that is leased to third-parties as investment property, unless it represents an insignificant portion of the property.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, the Group elects to measure investment property at cost less accumulated depreciation and accumulated impairment losses, if any [i.e., applying the same accounting policies (including useful lives) as for property, plant and equipment]. The fair values, which reflect the market conditions as at the balance sheet date, are disclosed in note 13.

#### Intangible assets

##### Software and software licences

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

### Software under development

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

### Other intangible assets

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

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

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

### Goodwill

Business combinations are accounted for under IFRS 3 (Revised) using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. Any goodwill arising on the acquisition of equity accounted entities is included within the cost of those entities.

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

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

### Impairment of assets

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

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

### Investment in associates

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

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

### Inventories

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

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

### Financial assets

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

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

#### Trade and other receivables

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

#### Current asset investments

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

#### Cash and cash equivalents

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

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### Financial liabilities

Financial liabilities are initially recognised at their fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification as described in each category below:

#### Interest-bearing borrowings

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

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

### Derecognition of financial assets and liabilities

#### Financial assets

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

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

#### Financial liabilities

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

### Derivative financial instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its foreign currency risks associated with foreign currency fluctuations affecting cash flows from forecasted transactions and unrecognised firm commitments.

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

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

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

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as follows: the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in administrative expenses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Amounts recognised within other comprehensive income are transferred to the income statement, within administrative expenses, when the hedged transaction affects the income statement, such as when the hedged financial expense is recognised.

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

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

### Foreign currency translation

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

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

The functional currencies of the material overseas subsidiaries are Euro (€), US Dollar (US\$), South African Rand (ZAR) and Swiss Franc (CHF). As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the Balance Sheet date and their Income Statements are translated at the average exchange rates for the year. Exchange differences arising on the retranslation are recognised in the Consolidated Statement of Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in the Consolidated Statement of Comprehensive Income relating to that particular foreign operation is recognised in the income statement.

### Provisions

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

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

### Customer contract provisions

Managed Services revenue includes revenue from Support Services and Managed Services contracts.

On a limited number of these contracts revenue is recognised on a percentage of completion basis which is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract.

If the performance of one of these limited number of contracts results in a margin that was less than anticipated at the time that it was agreed then the future financial performance of that contract will be reviewed in detail. If, after further financial analysis, the full financial consequence of the contract can be reliably estimated, and it is determined that the contract is potentially loss-making, then the best estimate of the losses expected to be incurred until the end of the contract will be provided for.

The Group has elected to apply IAS 11 in its assessment of whether contracts are considered onerous and in subsequently estimating the provision as IAS 18 considers the requirements of IAS 11 are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services.

A contract that is accounted for under IAS 11 that is considered potentially onerous is assessed according to the recognition of expected losses in IAS 11 ahead of the onerous contract guidance in IAS 37 and considers total estimated costs (i.e. directly attributable variable costs and fixed allocated costs) as included in the assessment of whether the contract is onerous or not and in the measurement of the provision.

### Restructuring provisions

The Group recognises a 'restructuring' provision when there is a programme planned and controlled by Management that materially changes the scope of the business or the manner in which it is conducted.

Further to the Group's general provision recognition policy, a restructuring provision is only considered when the Group has a detailed formal plan for the restructuring identifying, as a minimum, the business or part of the business concerned; the principal locations affected; the location, function and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken and when the plan will be implemented.

The Group will only recognise a specific restructuring provision once a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The Group only includes incremental costs associated directly with the restructuring within the restructuring provisions such as employee termination benefits and consulting fees. The Group specifically excludes from recognition in a restructuring provision any costs associated with ongoing activities such as the costs of training or relocating staff that are redeployed within the business rather than retrenched and costs for employees who continue to be employed in ongoing operations, regardless of the status of these operations post-restructure.

### **Pensions and other post-employment benefits**

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

The Group has an obligation to make a one-off payment to French employees upon retirement, the Indemnités de Fin de Carrière (IFC).

French employment law requires that a company pays employees a one-time contribution when (and only when) the employee leaves the Company for retirement at the mandatory age. This is a legal requirement for all businesses who incur the obligation upon departure, due to retirement, of an employee.

Typically the retirement benefit is based on length of service of the employee and his or her salary at retirement. The amount is set via a legal minimum but the retirement premiums can be improved by the collective agreement or employment contract in some cases. In Computacenter France, the payment is based on accrued service and ranges from 1 month of salary after 5 years service to 9.4 months of salary after 47 years of service.

If the employee leaves voluntarily at any point before retirement, all liability is extinguished and any accrued service is not transferred to any new employment.

Management continues to account for this obligation according to IAS 19 [revised]. Due to the materiality of the obligation, Management considers no further disclosures are relevant at this time.

### **Taxation**

#### **Current tax**

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

#### **Deferred tax**

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

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

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

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

#### **Sales tax**

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

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

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

#### **Revenue**

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

#### **Supply Chain**

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Professional Services

Revenue is recognised under a contract following delivery of a service or with reference to the costs incurred as a proportion of the total estimated costs of the contract. Unbilled revenue is recognised within accrued income. If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred. A provision is made as soon as a loss is foreseen.

### Managed Services

Managed Services revenue is recognised over the term of the contract as services are delivered. Unearned Managed Services revenue is included within deferred income in the balance sheet. Amounts invoiced relating to more than one year are deferred and recognised over the relevant period. Where a contract contains several elements, the individual elements are accounted for separately where appropriate and revenue thereon is measured at the fair value of the consideration received. The related costs are recognised as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and any reimbursement by the client is recorded as a deduction from the costs incurred.

On a limited number of Managed Services contracts revenue is recognised on a percentage of completion basis which is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract. Unbilled revenue is recognised within accrued income. If a contract cannot be reliably estimated, revenue is restricted to the extent that it is probable that costs incurred will be recoverable.

### Bid and set-up costs

The Group operates in a highly competitive environment and is frequently involved in contract bids with multiple competitors with the outcome usually unknown until the contract is awarded and signed.

Any bid costs incurred by the Group's Central Bid Management Engines are not capitalised or charged to the contract, but instead directly charged to selling, general and administrative expenses as they are incurred. These costs associated with bids are not separately identifiable nor can they be measured reliably as the Group's internal bid teams work across multiple bids at any one time. Further, it cannot be assessed as probable that the contract will be obtained until the tender process has completed and the contract has been awarded.

### Finance income

Income is recognised as interest accrues.

### Dividends

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

### Operating lease income

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

### Exceptional items

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

### Share-based payment transactions

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

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

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

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

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

### Own shares held

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

**Fair value measurement**

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 25.

**Non-current assets held for sale and discontinued operations****Assets held for sale**

Non-current assets are classified separately as held for sale in the Balance Sheet when their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when:

- the sale is highly probable;
- the asset is available for immediate sale in its present condition;
- Management have an approved programme to market and sell the asset or an approved plan for disposal; and
- Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Liabilities directly associated with the assets classified as held for sale and expected to be included as part of the sale transaction are correspondingly also classified separately. Property, plant and equipment and intangible assets once classified as held for sale are not subject to depreciation or amortisation. The net assets and liabilities of a disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

**Discontinued operations**

A discontinued operation is considered to be a component of the Group that has either been disposed of, or that is classified as held for sale, which represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations.

**Adjusted measures**

The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, listed below, are important when assessing the underlying financial and operating performance of the Group.

Adjusted revenue, adjusted Services revenue, adjusted Professional Services revenue, adjusted Supply Chain revenue, and adjusted administrative expenses excludes the revenue and administrative expenses from a disposed subsidiary, RDC, for both the current year and the comparative reporting year. RDC was sold on 2 February 2015.

Adjusted operating profit or loss, adjusted profit or loss before tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the segment or the Group as a whole. Each of these measures also excludes the results of RDC for both the current and comparative periods.

Additionally, adjusted operating profit or loss includes the interest paid on customer-specific financing (CSF) which Management considers to be a cost of sale.

A reconciliation between key adjusted and statutory measures is provided on page 40 of the Group Finance Director's review. Further detail is also provided within note 3, segment information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 DECEMBER 2015

**3 SEGMENT INFORMATION**

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

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

Management monitors the operating results of its geographical segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on adjusted operating profit or loss which is measured differently from statutory operating profit or loss in the consolidated Financial Statements as defined above.

Segmental performance for the years ended 31 December 2015 and 2014 was as follows:

**Year ended 31 December 2015**

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>Revenue</b>					
<b>Adjusted Supply Chain revenue</b>	875,041	820,196	335,024	33,686	<b>2,063,947</b>
<b>Adjusted Services revenue</b>					
Adjusted Professional Services revenue	137,390	107,416	16,101	1,645	<b>262,552</b>
Managed Services revenue	394,943	272,006	46,934	13,785	<b>727,668</b>
Total adjusted Services revenue	532,333	379,422	63,035	15,430	<b>990,220</b>
<b>Total adjusted revenue</b>	<b>1,407,374</b>	<b>1,199,618</b>	<b>398,059</b>	<b>49,116</b>	<b>3,054,167</b>
<b>RDC</b>					
Supply Chain revenue	3,158	–	–	–	<b>3,158</b>
Professional Services revenue	290	–	–	–	<b>290</b>
Total RDC revenue	3,448	–	–	–	<b>3,448</b>
<b>Statutory revenue</b>	<b>1,410,822</b>	<b>1,199,618</b>	<b>398,059</b>	<b>49,116</b>	<b>3,057,615</b>
<b>Results</b>					
Adjusted gross profit	216,445	147,346	32,083	6,258	<b>402,132</b>
Adjusted administrative expenses	(157,110)	(119,937)	(33,715)	(4,263)	<b>(315,025)</b>
Adjusted operating profit/(loss)	59,335	27,409	(1,632)	1,995	<b>87,107</b>
Adjusted net interest	601	(577)	(178)	(79)	<b>(233)</b>
Adjusted profit/(loss) before tax	59,936	26,832	(1,810)	1,916	<b>86,874</b>
Exceptional items:					
– onerous contracts trading losses	–	(1,123)	–	–	<b>(1,123)</b>
– onerous contracts provision for future losses	–	1,559	–	–	<b>1,559</b>
– exceptional losses on redundancy and other restructuring costs	–	–	(1,465)	–	<b>(1,465)</b>
Total exceptional items	–	436	(1,465)	–	<b>(1,029)</b>
Exceptional gain on disposal of a subsidiary	42,155	–	–	–	<b>42,155</b>
Amortisation of acquired intangibles	(361)	(1,116)	–	(76)	<b>(1,553)</b>
RDC	320	–	–	–	<b>320</b>
Statutory profit/(loss) before tax	102,050	26,152	(3,275)	1,840	<b>126,767</b>

The reconciliation for adjusted operating profit to statutory operating profit as disclosed in the Consolidated Income Statement is as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>Adjusted operating profit/(loss)</b>	59,335	27,409	(1,632)	1,995	<b>87,107</b>
Add back interest on CSF	56	284	–	–	<b>340</b>
Amortisation of acquired intangibles	(361)	(1,116)	–	(76)	<b>(1,553)</b>
Exceptional items	–	436	(1,465)	–	<b>(1,029)</b>
RDC	320	–	–	–	<b>320</b>
<b>Statutory operating profit/(loss)</b>	<b>59,350</b>	<b>27,013</b>	<b>(3,097)</b>	<b>1,919</b>	<b>85,185</b>
<b>Other segment information</b>					
Property, plant and equipment	34,037	14,286	7,210	1,599	<b>57,132</b>
Investment property	10,260	–	–	–	<b>10,260</b>
Intangible assets	63,173	16,520	56	1,784	<b>81,533</b>
Capital expenditure:					
Property, plant and equipment	5,904	5,224	1,307	868	<b>13,303</b>
Software	6,052	1,186	50	6	<b>7,294</b>
Depreciation of property, plant and equipment	10,667	6,121	1,687	410	<b>18,885</b>
Depreciation of investment property	227	–	–	–	<b>227</b>
Amortisation of software	11,059	635	59	5	<b>11,758</b>
Share-based payments	4,095	542	33	–	<b>4,670</b>

**3 SEGMENT INFORMATION CONTINUED**

**Year ended 31 December 2014**

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>Revenue</b>					
<b>Adjusted Supply Chain revenue</b>	878,145	774,913	393,406	34,580	<b>2,081,044</b>
<b>Adjusted Services revenue</b>					
Adjusted Professional Services revenue	125,610	108,950	19,752	2,113	<b>256,425</b>
Managed Services revenue	368,663	283,203	57,957	15,979	<b>725,802</b>
Total adjusted Services revenue	494,273	392,153	77,709	18,092	<b>982,227</b>
<b>Total adjusted revenue</b>	<b>1,372,418</b>	<b>1,167,066</b>	<b>471,115</b>	<b>52,672</b>	<b>3,063,271</b>
<b>RDC</b>					
Supply Chain revenue	41,197	–	–	–	<b>41,197</b>
Professional Services revenue	3,291	–	–	–	<b>3,291</b>
Total RDC revenue	44,488	–	–	–	<b>44,488</b>
<b>Statutory revenue</b>	<b>1,416,906</b>	<b>1,167,066</b>	<b>471,115</b>	<b>52,672</b>	<b>3,107,759</b>
<b>Results</b>					
Adjusted gross profit	209,555	151,682	31,757	6,120	<b>399,114</b>
Adjusted administrative expenses	(148,827)	(124,906)	(40,592)	(4,057)	<b>(318,382)</b>
Adjusted operating profit/(loss)	60,728	26,776	(8,835)	2,063	<b>80,732</b>
Adjusted net interest	929	452	(929)	(125)	<b>327</b>
Adjusted profit/(loss) before tax	61,657	27,228	(9,764)	1,938	<b>81,059</b>
Exceptional items:					
– onerous contracts trading losses	–	(3,824)	–	–	<b>(3,824)</b>
– onerous contracts provision for future losses	–	5,364	–	–	<b>5,364</b>
– exceptional losses on redundancy and restructuring costs	–	–	(9,128)	–	<b>(9,128)</b>
Total exceptional items	–	1,540	(9,128)	–	<b>(7,588)</b>
Amortisation of acquired intangibles	(551)	(1,232)	–	(85)	<b>(1,868)</b>
RDC	4,815	–	–	–	<b>4,815</b>
Statutory profit/(loss) before tax	65,921	27,536	(18,892)	1,853	<b>76,418</b>

Subsequent to the disposal of RDC, Management does not consider the results of RDC when reviewing the results of its Segments or Group as a whole. Therefore to be consistent and enable comparison, 2014 segmental information is revised to present RDC results separately in line with 2015 segmental information. This revised analysis may be reconciled to segmental information presented in the published 2014 accounts as follows:

	UK segment as presented in 2014 published Financial Statements £'000	Adjust for RDC £'000	UK segment as presented above £'000
<b>Results</b>			
Adjusted gross profit	<b>219,789</b>	<b>(10,234)</b>	<b>209,555</b>
Adjusted administrative expenses	<b>(154,259)</b>	<b>5,432</b>	<b>(148,827)</b>
Adjusted operating profit	<b>65,530</b>	<b>(4,802)</b>	<b>60,728</b>
Adjusted net interest	<b>942</b>	<b>(13)</b>	<b>929</b>
Adjusted profit before tax	<b>66,472</b>	<b>(4,815)</b>	<b>61,657</b>
Amortisation of acquired intangibles	<b>(551)</b>	<b>–</b>	<b>(551)</b>
RDC	<b>–</b>	<b>4,815</b>	<b>4,815</b>
Statutory profit before tax	<b>65,921</b>	<b>–</b>	<b>65,921</b>

The reconciliation for adjusted operating profit to statutory operating profit as disclosed in the Consolidated Income Statement is as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>Adjusted operating profit/(loss)</b>	60,728	26,776	(8,835)	2,063	<b>80,732</b>
Add back interest on CSF	178	391	–	–	<b>569</b>
Amortisation of acquired intangibles	(551)	(1,232)	–	(85)	<b>(1,868)</b>
Exceptional items	–	1,540	(9,128)	–	<b>(7,588)</b>
RDC	4,802	–	–	–	<b>4,802</b>
<b>Statutory operating profit/(loss)</b>	<b>65,157</b>	<b>27,475</b>	<b>(17,963)</b>	<b>1,978</b>	<b>76,647</b>
<b>Other segment information</b>					
Property, plant and equipment	53,719	16,540	8,009	1,672	<b>79,940</b>
Intangible assets	70,431	17,833	69	2,011	<b>90,344</b>
Capital expenditure:					
Property, plant and equipment	4,802	7,344	759	1,172	<b>14,077</b>
Software	5,078	412	4	–	<b>5,494</b>
Depreciation of property, plant and equipment	10,719	7,505	2,047	127	<b>20,398</b>
Amortisation of software	10,018	706	83	–	<b>10,807</b>
Share-based payments	2,531	215	64	–	<b>2,810</b>

#### Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £281 million (2014: £285 million) which arose from sales to the Group's largest customer. For the purposes of this disclosure a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

### 4 GROUP OPERATING PROFIT

This is stated after charging/(crediting):

	2015 £'000	2014 £'000
Auditor's remuneration:		
Audit of the Financial Statements	43	419
Audit of subsidiaries	478	64
Total audit fees	521	483
Audit related assurance services	17	42
Taxation compliance services	44	30
Other assurance services	54	–
Taxation advisory services	124	43
Total non-audit services	239	115
<b>Total fees</b>	<b>760</b>	<b>598</b>

During the year there was a change in Auditor. The breakdown of the total audit fees provided above is based on the analysis preferred by each firm.

Depreciation of property, plant and equipment	18,885	20,398
Loss on disposal of property, plant and equipment	387	676
Depreciation of investment property	227	–
Amortisation of software	11,758	10,807
Loss on disposal of software	9	1
Amortisation of other intangible assets	1,553	1,868
Net foreign currency differences	741	(456)
Costs of inventories recognised as an expense	1,850,619	1,902,479
Operating lease payments – minimum lease payments	32,221	53,924

### 5 EXCEPTIONAL ITEMS

	2015 £'000	2014 £'000
<b>Operating profit</b>		
Redundancy and other restructuring costs	(1,465)	(9,128)
Onerous contracts	436	1,540
	(1,029)	(7,588)
Exceptional gain on disposal of a subsidiary	42,155	–
Exceptional items before taxation	41,126	(7,588)
<b>Income tax</b>		
Tax on onerous contracts included in operating profit	(52)	(185)
Exceptional items after taxation	41,074	(7,773)

#### 2015:

Included within the current year are the following exceptional items:

- Computacenter (UK) Limited disposed of its wholly owned subsidiary RDC during the year. An exceptional gain of £42.2 million was recognised on the disposal. See note 16 for details. In line with our accounting policy, Management has elected under IAS 1 to report this gain as a separate line item on the face of the consolidated income statement due to the materiality, infrequency and nature of this gain. As noted within the summary of significant accounting policies the adjusted results exclude this gain. This election provides the best guidance to users of our external reporting as to the underlying profitability trends within the Group and to present the results of the Group in a way that is fair, balanced and understandable.
- Computacenter France continued with its substantial restructuring exercise that began in 2014. An additional cost of £1.5 million has been recognised as part of the Social Plan. As the redundancy and restructuring costs were treated as an exceptional item on recognition, the further provision has also been treated as an exceptional item. Within this balance Management has provided for legal expenses of £0.4 million directly related to individual legal challenges to termination settlements provided under the Social Plan.
- The Group's remaining two onerous contracts continue to show operational improvements therefore Management has revised its estimates of the losses to be incurred. On this basis the Group has released £0.4 million of the provision. As the onerous contracts were treated as an exceptional item on recognition, the write back of the provision has also been released as an exceptional item.

**2014:**

Included within the prior year are the following exceptional items:

- Computacenter France incurred an exceptional charge of £9.1 million relating to the estimated costs of a comprehensive restructuring plan with the Group's French business. The substantial restructuring exercise aimed to reduce the cost base, improve the competitiveness and therefore improve the profitability of the Group's French business.
- In line with our accounting policy, Management elected under IAS 1 to report this provision under the heading of 'Exceptional Items' due to the materiality, infrequency and nature of the restructuring plan. This election provides the best guidance to users of our external reporting as to the underlying profitability trends within the Group and to present the results of the Group in a way that is fair, balanced and understandable. Excluding the costs related to the restructuring plan is consistent with treatment of similar costs in prior years and presents the adjusted profit before tax in a way that enables users to better assess the quality of the Group's underlying profitability.
- The Group's three onerous contracts performed within the provisions previously taken, and one of these contracts came to an end as of 30 September 2014. A related legal dispute with a sub-contractor on one of these contracts, that was previously provided for, was resolved. Given these factors and ongoing operational improvements within the two remaining contracts, Management revised its estimates of the losses to be incurred. On this basis the Group released £1.5 million of the provision. As the onerous contracts were treated as an exceptional item on recognition, the write back of the provision was also released as an exceptional item.

**6 STAFF COSTS AND DIRECTORS' EMOLUMENTS**

	2015 £'000	2014 £'000
Wages and salaries	543,110	542,594
Social security costs	81,803	84,682
Share-based payments	4,670	2,810
Pension costs	21,274	20,595
	<b>650,857</b>	651,907

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

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

	2015 No.	2014 No.
UK	5,971	5,770
Germany	5,077	5,044
France	1,734	1,858
Belgium	211	287
	<b>12,993</b>	12,959

**7 FINANCE REVENUE**

	2015 £'000	2014 £'000
Bank interest receivable	1,410	1,510
Other interest received	188	105
	<b>1,598</b>	1,615

**8 FINANCE COSTS**

	2015 £'000	2014 £'000
Bank loans and overdrafts	714	969
Finance charges payable on CSF	340	570
Other interest	1,117	305
	<b>2,171</b>	1,844

## 9 INCOME TAX

### a) Tax on profit from ordinary activities

	2015 £'000	2014 £'000
<b>Tax charged in the consolidated income statement</b>		
<b>Current income tax</b>		
UK corporation tax	14,639	17,048
Foreign tax		
– operating results before exceptional items	6,485	5,820
– exceptional items	–	(459)
Total foreign tax	6,485	5,361
Adjustments in respect of prior years	(232)	191
Total current income tax	20,892	22,600
<b>Deferred tax</b>		
Operating results before exceptional items		
– origination and reversal of temporary differences	(1,276)	(1,340)
– adjustments in respect of prior years	(276)	(604)
– changes in recoverable amounts of deferred tax assets	4,265	–
Exceptional items	52	644
Total deferred tax	2,765	(1,300)
<b>Tax charge in the consolidated income statement</b>	<b>23,657</b>	<b>21,300</b>

### b) Reconciliation of the total tax charge

	2015 £'000	2014 £'000
Accounting profit before income tax	126,767	76,418
At the UK standard rate of corporation tax of 20.25 per cent (2014: 21.49 per cent)	25,670	16,422
Expenses not deductible for tax purposes	1,187	1,173
Non-deductible element of share-based payment charge	128	60
Adjustments in respect of current income tax of previous years	(599)	(510)
Higher tax on overseas earnings	3,140	1,417
Other differences	(39)	(591)
Effect of changes in tax rate on deferred tax	220	–
Utilisation of previously unrecognised deferred tax assets	–	(3,238)
Overseas tax not based on earnings	1,065	1,345
Non-chargeable exceptional gain on disposal of subsidiary	(8,529)	–
Deferred tax not recognised on current year losses	1,414	5,222
At effective income tax rate of 18.7 per cent (2014: 27.9 per cent)	23,657	21,300

### c) Tax losses

Deferred tax assets of £7.4 million (2014: £12.2 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2015, there were unused tax losses across the Group of £130.9 million (2014: £115.8 million) for which no deferred tax asset has been recognised. Of these losses, £33.5 million (2014: £35.9 million) arise in Germany and £93.3 million (2014: £78.9 million) arise in France. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

**d) Deferred tax**

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement and other comprehensive income	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Deferred income tax liabilities</b>				
Accelerated capital allowances	1,197	1,781	(584)	(189)
Revaluations of foreign exchange contracts to fair value	370	–	370	–
Amortisation of intangibles	661	976	(315)	(309)
Gross deferred income tax liabilities	2,228	2,757		
<b>Deferred income tax assets</b>				
Relief on share option gains	2,590	1,645	(945)	(502)
Other temporary differences	4,348	3,205	(364)	(1,118)
Revaluations of foreign exchange contracts to fair value	176	54	(122)	273
Losses available for offset against future taxable income	7,431	12,155	4,725	545
Gross deferred income tax assets	14,545	17,059		
Deferred income tax (credit)/charge			2,765	(1,300)
Net deferred income tax assets	12,317	14,301		
<b>Disclosed on the consolidated balance sheet</b>				
Deferred income tax assets	12,840	15,049		
Deferred income tax liabilities	(523)	(748)		
Net deferred income tax assets	12,317	14,301		

At 31 December 2015, there was no recognised or unrecognised deferred income tax liability (2014: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption.

**e) Impact of rate change**

The main rate of UK Corporation will be reduced to 19 per cent from 1 April 2017 and 18 per cent from 1 April 2020, as enacted in the Finance Act 2015. The deferred tax in these Financial Statements reflects this.

**10 EARNINGS PER SHARE**

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

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares.

	2015 £'000	2014 £'000
Profit attributable to equity holders of the parent	103,110	55,117
	2015 £'000	2014 £'000
Basic weighted average number of shares (excluding own shares held)	122,948	135,985
Effect of dilution:		
Share options	2,655	1,784
Diluted weighted average number of shares	125,603	137,769
	2015 pence	2014 pence
Basic earnings per share	83.9	40.5
Diluted earnings per share	82.1	40.0

**10 EARNINGS PER SHARE CONTINUED****Return of Value**

On 20 February 2015 (the Issue Date), Computacenter Plc (the Company) effected a capital reorganisation (the Capital Reorganisation) in order to facilitate the Return of Value to shareholders. As part of the Capital Reorganisation, each existing ordinary share of  $6\frac{2}{3}$  pence each was subdivided into 15 undesignated shares of  $\frac{4}{9}$  pence each, and immediately following such subdivision every 17 undesignated shares were consolidated into 1 new ordinary share of  $7\frac{5}{9}$  pence each. Additionally on the Issue Date, an amount of £14,500 standing to the credit of the Company's share premium account was applied to pay up in full 145,000,000 non-redeemable B shares with a nominal value of 0.01 pence each. The total number of B shares actually issued to shareholders were 139,012,000. Immediately after the issue of B shares relating to Return of Value, total B shares of the Company were converted to deferred shares.

As part of the Return of Value, Shareholders were able to elect between the following alternatives in relation to their B Shares:

**Alternative 1 – Single B Share Dividend (Income)**

Shareholders could elect to receive the Single B Share Dividend of 71.9 pence per B Share in respect of all of their B Shares.

**Alternative 2 – Purchase Offer (Capital)**

Alternatively, Shareholders (other than US Shareholders) could elect for all of their B Shares to be purchased by Investec Bank plc, acting as principal on 23 February 2015, at 71.9 pence per B Share, free of all dealing expenses and commissions.

**11 DIVIDENDS PAID AND PROPOSED**

	2015 £'000	2014 £'000
<b>Declared and paid during the year:</b>		
Equity dividends on Ordinary Shares:		
Final dividend for 2014: 13.1 pence (2013: 12.3 pence)	<b>15,776</b>	16,636
First interim dividend for 2015: 6.4 pence (2014: 5.9 pence)	<b>7,698</b>	8,037
	<b>23,474</b>	24,673
<b>Proposed (not recognised as a liability as at 31 December)</b>		
Equity dividends on Ordinary Shares:		
Second interim dividend for 2015: 15.0 pence (2014: nil pence)	<b>18,399</b>	–
Final dividend for 2015: nil pence (2014: 13.1 pence)	–	15,737

## 12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	77,999	25,234	157,917	261,150
Additions	1,069	1,442	11,566	14,077
Disposals	–	(2,717)	(9,282)	(11,999)
Foreign currency adjustment	(110)	(1,199)	(3,709)	(5,018)
At 31 December 2014	78,958	22,760	156,492	258,210
Relating to disposal of a subsidiary (note 16)	(2,107)	(2,726)	(2,039)	(6,872)
Additions	467	2,146	10,690	13,303
Transfer to investment property (note 13)	(11,167)	–	–	(11,167)
Disposals	–	(853)	(30,581)	(31,434)
Foreign currency adjustment	(97)	(802)	(3,122)	(4,021)
At 31 December 2015	<b>66,054</b>	<b>20,525</b>	<b>131,440</b>	<b>218,019</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2014	35,027	13,613	123,466	172,106
Provided during the year	2,274	2,996	15,128	20,398
Disposals	–	(2,650)	(8,629)	(11,279)
Foreign currency adjustment	(11)	(1,009)	(1,935)	(2,955)
At 31 December 2014	37,290	12,950	128,030	178,270
Relating to disposal of a subsidiary (note 16)	(534)	(665)	(1,558)	(2,757)
Provided during the year	2,267	2,341	14,277	18,885
Transfer to investment property (note 13)	(680)	–	–	(680)
Disposals	–	(801)	(29,592)	(30,393)
Foreign currency adjustment	(8)	(669)	(1,761)	(2,438)
At 31 December 2015	<b>38,335</b>	<b>13,156</b>	<b>109,396</b>	<b>160,887</b>
<b>Net book value</b>				
At 31 December 2015	<b>27,719</b>	<b>7,369</b>	<b>22,044</b>	<b>57,132</b>
At 31 December 2014	41,668	9,810	28,462	79,940
At 1 January 2014	42,972	11,621	34,451	89,044

**12 PROPERTY, PLANT AND EQUIPMENT CONTINUED**

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

	Fixtures, fittings, equipment and vehicles	
	2015 £'000	2014 £'000
<b>Cost</b>		
At 1 January	68,540	74,971
Additions	1,308	1,888
Disposals	(31,310)	(7,205)
Foreign currency adjustment	(645)	(1,114)
At 31 December	37,893	68,540
<b>Accumulated depreciation and impairment</b>		
At 1 January	60,853	63,785
Provided during the year	3,169	4,550
Disposals	(29,688)	(6,858)
Foreign currency adjustment	(258)	(624)
At 31 December	34,076	60,853
<b>Net book value</b>	<b>3,817</b>	<b>7,687</b>

**13 INVESTMENT PROPERTY**

	2015 £'000
<b>Cost</b>	
Transfer from property, plant and equipment (note 12)	11,167
At 31 December	11,167
<b>Accumulated depreciation</b>	
Transfer from property, plant and equipment (note 12)	680
Provided during the year	227
At 31 December	907
<b>Net book value</b>	<b>10,260</b>

Investment property represents a building owned by Digica Group Finance Limited (a fully owned subsidiary of the Group) that is leased to RDC, a former subsidiary of the Group. RDC was sold at the beginning of the year, and as a result the building leased to RDC has now been reclassified as investment property rather than owner occupied property.

The fair value of investment property amounted to £13.5 million at 31 December 2015. The fair values for disclosure purposes have been determined using either the support of qualified independent external valuers or by internal valuers with the necessary recognised and relevant professional qualification, applying a combination of the present value of future cash flows and observable market values of comparable properties.

## 14 INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Acquired intangible assets £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	57,415	83,588	19,042	160,045
Additions	–	5,494	–	5,494
Disposals	–	(557)	–	(557)
Foreign currency adjustment	(1,556)	(645)	(769)	(2,970)
At 31 December 2014	55,859	87,880	18,273	162,012
Relating to disposal of a subsidiary (note 16)	(835)	(2,956)	–	(3,791)
Additions	–	7,294	–	7,294
Disposals	–	(310)	–	(310)
Foreign currency adjustment	(332)	(391)	(151)	(874)
<b>At 31 December 2015</b>	<b>54,692</b>	<b>91,517</b>	<b>18,122</b>	<b>164,331</b>
<b>Amortisation and impairment</b>				
At 1 January 2014	9,063	38,161	13,951	61,175
Provided during the year	–	10,807	1,868	12,675
Disposals	–	(555)	–	(555)
Foreign currency adjustment	(570)	(389)	(668)	(1,627)
At 31 December 2014	8,493	48,024	15,151	71,668
Relating to disposal of a subsidiary (note 16)	–	(1,835)	–	(1,835)
Provided during the year	–	11,758	1,553	13,311
Disposals	–	(301)	–	(301)
Foreign currency adjustment	461	(348)	(158)	(45)
<b>At 31 December 2015</b>	<b>8,954</b>	<b>57,298</b>	<b>16,546</b>	<b>82,798</b>
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>45,738</b>	<b>34,219</b>	<b>1,576</b>	<b>81,533</b>
At 31 December 2014	47,366	39,856	3,122	90,344
At 1 January 2014	48,352	45,427	5,091	98,870

## 15 IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS

Goodwill acquired through business combinations have been allocated to the following CGUs:

- Computacenter (UK) Limited
- Computacenter Germany
- Computacenter France
- Computacenter Switzerland
- NEWIS SA and Informativ Services IS SA (together 'Belgium IS').

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

Certain other corporate assets are unable to be allocated against specific CGUs. These assets are tested across an aggregation of CGUs that utilise the asset.

## Movements in goodwill

	Computacenter (UK) Limited £'000	R.D. Trading £'000	Computacenter Germany £'000	Computacenter France £'000	Computacenter AG £'000	Belgium IS £'000	Total £'000
<b>1 January 2014</b>	30,429	835	14,887	–	907	1,294	48,352
Foreign currency adjustment	–	–	(939)	–	(45)	(2)	(986)
<b>31 December 2014</b>	30,429	835	13,948	–	862	1,292	47,366
Foreign currency adjustment	–	–	(715)	–	48	(126)	(793)
Disposal of a subsidiary (note 16)	–	(835)	–	–	–	–	(835)
<b>31 December 2015</b>	<b>30,429</b>	<b>–</b>	<b>13,233</b>	<b>–</b>	<b>910</b>	<b>1,166</b>	<b>45,738</b>
<b>Market growth rate</b>	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%	
<b>Discount rate</b>	11.0%	11.0%	11.0%	12.0%	12.0%	15.0%	

## 15 IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS CONTINUED

### Key assumptions used in value in use calculations

The recoverable amounts of all five (2014: six) CGUs have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by Senior Management covering a three-year period and on long-term market growth rates of between 1.5 and 2.5 per cent (2014: between 1.5 and 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2015 and 31 December 2014 are:

- budgeted revenue, which is based on long-run market growth forecasts;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends; and
- the discount rate applied to cash flow projections ranges from 11.0 to 15.0 per cent (2014: 11.0 to 15.0 per cent) which represents the Group's pre-tax discount rate adjusted for the risk profiles of the individual CGUs.

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

### Other intangible assets

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

### Other non-current assets

When there is an indication of impairment within a CGU, the carrying value of the non-current assets are compared to their recoverable amount which is the higher of the assets' fair value less costs of disposal or the value-in-use of the CGU calculated as described above.

In France, a shortfall from the financial budgets approved by Management, or adverse changes in the assumptions, such as a 0.5 per cent reduction in market growth rate or an increase in the discount rate of 0.5 per cent would cause the carrying value to exceed its recoverable amount.

## 16 INVESTMENTS

### a) Investment in associate

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

	2015 £'000	2014 £'000
<b>Cost</b>		
At 1 January	591	594
Exchange rate movement	(2)	(3)
At 31 December	589	591
<b>Impairment</b>		
At 1 January and 31 December	(549)	(549)
<b>Carrying value</b>	40	42

### Gonicus GmbH

The Group has a 20 per cent (2014: 20 per cent) interest in Gonicus GmbH, whose principal activity is the provision of Open Source Software. Gonicus is a private entity, incorporated in Germany, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of Gonicus is 31 December.

### ICS Solutions Limited ('ICS')

The Group has a 25 per cent (2014: 25 per cent) interest in ICS Solutions Limited whose principal activity is the delivering of both on-premise and cloud based services and solutions across the Microsoft technology stack. ICS is a private entity, incorporated in the United Kingdom, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of the investment. The reporting date of ICS is 30 June.

### b) Investment in subsidiaries

The Group's subsidiary undertakings are as follows:

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2015	2014
Computacenter (UK) Limited	England	IT Infrastructure services	100%	100%
Computacenter France SAS	France	IT Infrastructure services	100%	100%
Logival (SARL)	France	IT Infrastructure services	100%	100%
Computacenter Holding GmbH	Germany	IT Infrastructure services	100%	100%
Computacenter Aktiengesellschaft	Germany	IT Infrastructure services	100%	100%

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2015	2014
Computacenter Management GmbH	Germany	IT Infrastructure services	100%	100%
Computacenter Managed Services GmbH	Germany	IT Infrastructure services	100%	100%
Computacenter NV/SA	Belgium	IT Infrastructure services	100%	100%
Computacenter NV	Netherlands	IT Infrastructure services	100%	100%
R.D. Trading Limited	England	IT Asset Management	–	100% <sup>1</sup>
Computacenter PSF SA	Luxembourg	IT Infrastructure services	100%	100%
Computacenter (U.S.) Inc	USA	IT Infrastructure services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Services (Iberia) SLU	Spain	International Call Centre Services	100% <sup>1</sup>	100% <sup>1</sup>
Digica Group Finance Limited	England	Investment Property	100% <sup>1</sup>	100% <sup>1</sup>
Digica Group Holdings Limited	England	IT infrastructure and application services	100%	100%
Computacenter Services and Solutions (Pty) Limited	South Africa	IT Infrastructure services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter AG	Switzerland	IT Infrastructure services	100%	80%
Informatic Services IS SA	Belgium	IT Infrastructure services	100% <sup>3</sup>	100% <sup>3</sup>
Computacenter Services (Malaysia) Sdn Bhd	Malaysia	International Call Centre Services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Services Kft	Hungary	International Call Centre Services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter India Private Limited	India	International Call Centre Services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Information Technology (Shanghai) Company Limited	Malaysia	International Call Centre Services	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Germany AG & Co oHG	Germany	IT Infrastructure services	100% <sup>2</sup>	100% <sup>2</sup>
Computacenter AG & Co oHG	Germany	IT Infrastructure services	100% <sup>2</sup>	100% <sup>2</sup>
E'ZWO Computervertriebs	Germany	IT Infrastructure services	100% <sup>2</sup>	100% <sup>2</sup>
Alfatron GmbH Elektronik – Vertrieb	Germany	IT Infrastructure services	100% <sup>2</sup>	100% <sup>2</sup>
C'NARIO Informationsprodukte Vertriebs-GmbH	Germany	IT Infrastructure services	100% <sup>2</sup>	100% <sup>2</sup>
Computacenter Trustees Limited	England	Employee Share Scheme Trustees	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Quest Trustees Limited	England	Employee Share Scheme Trustees	100% <sup>1</sup>	100% <sup>1</sup>
Allnet Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Amazon Computers Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Amazon Energy Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Amazon Systems Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
CAD Systems Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Compufix Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter (FMS) Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter (Management Services) Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter (Mid-Market) Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Consumables Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Distribution Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Leasing Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Maintenance Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Overseas Holdings Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Services Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Software Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Solutions Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computacenter Training Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computadata Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Computer Services Group Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Digica Group Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Digica Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>

**16 INVESTMENTS CONTINUED**

**b) Investment in subsidiaries continued**

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2015	2014
Digica SMP Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Digica (FMS) Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
ICG Services Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
M Services Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Merchant Business Systems Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>
Merchant Systems Limited	England	Dormant company	100% <sup>1</sup>	100% <sup>1</sup>

1. Includes indirect holdings of 100 per cent via Computacenter (UK) Limited.
2. Includes indirect holdings of 100 per cent via Computacenter Holding GmbH.
3. Includes indirect holdings of 100 per cent via Computacenter NV/SA.

Computacenter plc is the ultimate parent entity of the Group.

**Disposal of subsidiary**

On 2 February 2015, the Group announced that it had disposed of its wholly-owned IT disposal and recycling subsidiary, RDC. The Group reached agreement with Arrow Electronics UK Holding Limited for the disposal of the entire issued share capital of RDC. For the year ended 31 December 2015, RDC generated revenues of £3.5 million (2014: £22.8 million) and statutory profit before tax of £0.3 million (2014: £4.8 million). The net assets of RDC, including cash of £3.8 million, were disposed of for a gross consideration of £59.9 million in cash to the Group. This generated an exceptional gain of £42.2 million. The net assets of RDC at the date of disposal were as follows:

	2015 £'000
Property, plant and equipment	4,115
Intangible assets (software)	1,121
Inventories	7,078
Trade and other receivables	4,330
Prepayments	361
Cash and short-term deposits	3,829
Trade and other payables	(3,699)
Income tax payable	(327)
Attributable goodwill	835
Total net assets	17,643
Gain on disposal	42,155
<b>Total consideration, net of disposal costs</b>	<b>59,798</b>
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	59,798
Less: cash and cash equivalents disposed of	(3,829)
	<b>55,969</b>

For the full results of RDC for the year, refer to page 46 of this Annual Report and Accounts.

**Update on acquisition made in 2011**

On 21 July 2011, the Group acquired 80 per cent of Computacenter AG in Switzerland for an initial consideration of CHF 7.2 million, and agreed to purchase the remaining 20 per cent by mid-2015 for a maximum consideration of CHF 3.2 million dependent upon the achievement of agreed performance criteria during that period. Due to the nature of the transaction, the Group had access to the benefits associated with the remaining 20 per cent of Damax. Therefore the Group recorded this acquisition as a linked transaction, and accordingly consolidated 100 per cent of the results of Damax since the acquisition date and estimated the fair value of the deferred consideration payable. During the year, Damax achieved the agreed performance criteria which triggered the maximum consideration payable of 3.2 million CHF by the Group. The Group has paid the 3.2 million CHF during the year to the previous owner of the business. Details of the book and fair values of the net assets acquired are disclosed in note 16 of the December 2011 Annual Report and Accounts.

**17 INVENTORIES**

	2015 £'000	2014 £'000
Inventories for re-sale	<b>45,647</b>	50,006

**18 TRADE AND OTHER RECEIVABLES**

	2015 £'000	2014 £'000
Trade receivables	<b>609,731</b>	686,253
Other receivables	<b>12,025</b>	9,662
	<b>621,756</b>	695,915

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

Trade receivables are non-interest bearing and are generally on 30 to 90 day credit terms. Note 25 sets out the Group's strategy towards credit risk.

The movements in the provision for doubtful debts were as follows:

	2015 £'000	2014 £'000
At 1 January	<b>16,837</b>	14,964
Charge for the year	<b>5,468</b>	11,847
Utilised	<b>(3,769)</b>	(5,389)
Unused amounts reversed	<b>(4,748)</b>	(3,775)
Foreign currency adjustment	<b>(658)</b>	(810)
At 31 December	<b>13,130</b>	16,837

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

	Total £'000	Neither past due nor impaired £'000	Past due but not impaired				
			<30 days £'000	30-60 days £'000	60-90 days £'000	90-120 days £'000	>120 days £'000
<b>2015</b>	<b>609,731</b>	<b>547,638</b>	<b>40,084</b>	<b>13,106</b>	<b>4,275</b>	<b>1,050</b>	<b>3,578</b>
2014	686,253	568,707	69,814	21,276	6,515	5,245	14,695

Of the amount of £8,903,000 (2014: £26,455,000) which is 60 or more days past due but not impaired, £4,641,000 (2014: £17,559,000) relates to Computacenter France.

**19 CASH AND SHORT-TERM DEPOSITS**

	2015 £'000	2014 £'000
Cash at bank and in hand	<b>111,770</b>	129,865

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £111,770,000 (2014: £129,865,000).

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its requirements from its cash balance. The Group does, however, retain overdraft facilities where required. The uncommitted overdraft facilities available to the Group are £13.7 million at 31 December 2015 (2014: £16.1 million). During 2013 the Group entered into a specific committed facility of £40.0 million for a three-year term which was due to expire in May 2016. In February 2015 this facility was extended at the same value through to February 2018. At 31 December 2015 the facility was not utilised.

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

	2015 £'000	2014 £'000
Cash at bank and in hand	<b>111,770</b>	129,865
Bank overdrafts (note 21)	<b>(90)</b>	(719)
	<b>111,680</b>	129,146

## 19 CASH AND SHORT-TERM DEPOSITS CONTINUED

### Cash pooling

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

## 20 TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade payables	392,757	423,164
Other payables	189,098	212,115
	<b>581,855</b>	635,279

Terms and conditions of the above financial liabilities:

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

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

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

## 21 FINANCIAL LIABILITIES

	2015 £'000	2014 £'000
<b>Current</b>		
Bank overdrafts	90	719
Other loans – 'CSF'	1,514	2,616
Other loans – 'Non-CSF'	–	517
Bank loan	–	116
Current obligations under finance leases – 'CSF' [note 23]	2,675	2,882
	<b>4,279</b>	6,850
<b>Non-current</b>		
Bank loan	5	4
Non-current obligations under finance leases – 'CSF' [note 23]	1,698	3,814
	<b>1,703</b>	3,818

There are no material differences between the fair value of financial liabilities and their book value.

### Bank overdrafts

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

### Finance leases

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

### Other loans

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

Other loans comprise the following:

	Maturity date	Interest rate	£'000
<b>31 December 2015</b>			
	2016	1.75% – 6.67%	1,514
Less: current instalments due on other loans			(1,514)
			–

	Maturity date	Interest rate	£'000
<b>31 December 2014</b>			
	2015	1.75% – 6.67%	3,133
Less: current instalments due on other loans			(3,133)
			–

The table below summarises the maturity profile of these loans:

	2015 £'000	2014 £'000
Not later than one year	1,514	3,133
	1,514	3,133

The finance lease and loan facilities are committed.

### Facilities

At 31 December 2015, the Group had available £13.7 million of uncommitted overdraft facilities [2014: £16.1 million].

## 22 FORWARD CURRENCY CONTRACTS

	2015 £'000	2014 £'000
<b>Financial instruments at fair value through profit and loss</b>		
Foreign exchange forward contracts	358	2,296
<b>Financial instruments at fair value through other comprehensive income</b>		
<b>Cash flow hedges</b>		
Foreign exchange forward contracts	940	(251)
	1,298	2,045

### Cash flow hedges

#### Financial assets and liabilities at fair value through other comprehensive income

These amounts reflect the change in the fair value of foreign exchange forward contracts designated as cash flow hedges which are used to hedge expected contract costs in South African Rand where sales on those contracts are in Sterling, based on highly probable forecast transactions.

#### Financial assets and liabilities at fair value through profit or loss

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

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

### Effectiveness of Hedging

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

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised gain of £940,000 [2014: loss of £251,000] with a deferred tax liability of £190,000 [2014: asset of £54,000] relating to the hedging instruments is included in other comprehensive income. The amounts retained in other comprehensive income of £947,000 are expected to mature and affect the income statement between 2016 and 2018.

## 23 OBLIGATIONS UNDER LEASES

### a) Finance lease commitments

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

	2015		2014	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	2,810	2,675	3,538	2,882
After one year but not more than five years	1,765	1,698	3,604	3,814
	<b>4,575</b>	<b>4,373</b>	7,142	6,696
Future finance charges	(202)		(446)	
Present value of finance lease obligation	<b>4,373</b>		6,696	

### b) Operating lease commitments where the Group is lessee

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

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

	2015 £'000	2014 £'000
Within one year	42,512	34,248
After one year but not more than five years	65,993	52,302
More than five years	18,535	13,357
	<b>127,040</b>	99,907

### c) Operating lease receivables where the Group is lessor

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

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

	2015 £'000	2014 £'000
Within one year	1,024	2,651
After one year but not more than five years	4,000	3,796
More than five years	4,090	–
	<b>9,114</b>	6,447

## 24 PROVISIONS

	Customer contract provisions £'000	Other provision £'000	Property provisions £'000	Total provisions £'000
At 1 January 2015	3,026	9,658	5,300	17,984
Arising during the year	–	1,557	157	1,714
Utilised	(1,155)	(5,715)	(2,205)	(9,075)
Provisions unused reversed	(436)	(77)	–	(513)
Exchange adjustment	(177)	(554)	(235)	(966)
<b>At 31 December 2015</b>	<b>1,258</b>	<b>4,869</b>	<b>3,017</b>	<b>9,144</b>
<b>Current 2015</b>	<b>751</b>	<b>1,568</b>	<b>1,731</b>	<b>4,050</b>
<b>Non-current 2015</b>	<b>507</b>	<b>3,301</b>	<b>1,286</b>	<b>5,094</b>
	<b>1,258</b>	<b>4,869</b>	<b>3,017</b>	<b>9,144</b>
Current 2014	1,882	5,810	2,116	9,808
Non-current 2014	1,144	3,848	3,184	8,176
	3,026	9,658	5,300	17,984

### Customer contract provisions

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts. Whilst there continues to be uncertainty around the future performance of these contracts and the exact timing of cash flows, this uncertainty continues to decrease due to the Group's experience in running these particular contracts. Management remains comfortable with the level of the provision. One of the three contracts ended during the final quarter of 2015 leaving only two provided for at 31 December 2015. The initial contracted periods for both of these contracts are due to complete during 2016, with one completing in the first half of the year and the other in the second.

### Property provisions

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

### Other provisions

Included within other provisions are estimated costs associated with elements of the comprehensive transformation of the Group's French business. These included costs relate specifically to a material change in the employment base across the French Business known as the Social Plan.

The nature of the costs previously provided for include termination payments and retraining and resettlement costs for redundant employees.

Management implementation of the plan is largely complete with the individuals included within the Social Plan no longer working for the French business and the majority of the overall cash flows of the costs provided for have been completed by the end of 2015. The costs provided for during 2015 primarily include further entrants to the Social Plan who have been added during the year. The majority of the future cash flows of the costs provided at year end are expected to occur during 2016.

The provision is based inter alia on assumptions concerning the duration of individual settlement payment programmes and the uptake of retraining and resettlement packages. As disclosed last year, there remains some residual uncertainty relating to individual legal challenges to the implementation of the Social Plan. These uncertainties arise both from technical arguments around whether the Social Plan process followed was procedurally correct and had pre-existing approval from the multiple, potentially interested, regulatory authorities and also from a challenge as to whether Computacenter France was damaging to the overall Group competitiveness and economic performance. Having taken independent legal advice on this matter Management has applied judgements which it considers reasonable in establishing the required provision. Management has provided for legal expenses of £0.4 million directly related to these individual legal challenges to termination settlements provided under the Social Plan.

Also included within other provisions is a provision against the Group's retirement benefit obligations in France under the Indemnités de Fin de Carrière (IFC) as described in note 2. Economic outflows under the obligation only occur if eligible employees reach the statutory retirement age whilst still in employment. The Group made no payments during 2015 under this obligation [2014: £16,000].

In estimating the provision required, Management is required to make a number of assumptions. The key areas of estimation uncertainty are the discount rate applied to future cash flows, the turnover rate of employed personnel and rate of salary increases over the length of their projected employment. The level of unrealised actuarial gains or losses are sensitive to changes in the discount rate, which is affected by market conditions and therefore subject to variation.

The net liability recognised in the balance sheet at 31 December 2015 in respect of the Group's French retirement benefit obligations under the IFC was £3.3 million [2014: £3.4 million].

## 25 FINANCIAL INSTRUMENTS

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Group Finance Director's review on pages 39 to 47.

### Credit risk

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, current asset investment and forward currency contracts, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents. The Group manages its counterparty credit risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £50.0 million deposited at any one time except for UK Government backed counterparties where the limit is £70.0 million.

Aside from the counterparty risk above, there are no significant concentrations of credit risk within the Group.

### Interest rate risk

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

## 25 FINANCIAL INSTRUMENTS CONTINUED

### Interest rate sensitivity

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

	Change in basis points	Effect on profit before tax £'000
<b>2015</b>		
Sterling	+25	146
Euro	+25	138
US Dollars	+25	33
<b>2014</b>		
Sterling	+25	255
Euro	+25	61

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

### Fair values

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's Financial Statements is not materially different from their carrying amount.

### Forward currency contracts

At 31 December 2015 the Group held foreign exchange contracts as hedges of an inter-company loan and future expected payments to suppliers. The exchange contracts are being used to reduce the exposure to foreign exchange risk. The terms of these contracts are detailed below:

#### 31 December 2015

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€4,550,469	Jan 16 – Jun 16	1.342 – 1.366
	Sterling	US Dollars	£2,226,626	Jan 16 – Mar 16	1.475 – 1.482
	Sterling	Euros	£7,464,998	Jan 16 – Feb 16	1.354 – 1.423
	Sterling	Swiss Francs	£473,269	Jan 16 – Jun 16	1.459 – 1.470
	Sterling	Hungarian Forint	£656,637	Jan 16	428.028
	US Dollars	Sterling	\$31,721,780	Jan 16 – Apr 16	1.475 – 1.553
	Sterling	Swedish Krona	£647,151	Jan 16	12.462
	Hungarian Forint	Sterling	HUF 488,000,000	Jan 16 – Oct 17	428.155 – 430.009
	SA Rand	Sterling	ZAR 247,766,652	Jan 16 – Dec 17	19.465 – 23.062
	US Dollars	Euros	\$4,000,000	Jan 16	1.089
Germany	US Dollars	Euros	\$52,525,000	Jan 16 – Apr 16	1.0635 – 1.3107
	Hungarian Forint	Euros	HUF 651,000,000	Jan 16 – Oct 16	321.00 – 323.58

#### 31 December 2014

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€2,039,624	Jan 15	1.2513 – 1.2678
	Sterling	US Dollars	£2,747,873	Jan 15 – Feb 15	1.5517 – 1.5756
	Sterling	Euros	£8,371,469	Jan 15 – Feb 16	1.2504 – 1.2786
	US Dollars	Sterling	\$38,241,444	Jan 15 – Apr 15	1.5529 – 1.6342
	Danish Kroner	Sterling	DKK 207,744	Jan 15	9.4749
	Swiss Francs	Sterling	CHF 500,00	Apr 15	1.5384
	HK Dollars	Sterling	HKD 400,000	Jan 15	12.0909
	Hungarian Forint	Sterling	HUF 407,200,000	Jan 15 – Jul 16	394.8716 – 398.0425
	SA Rand	Sterling	ZAR 374,143,726	Jan 15 – Dec 17	17.3776 – 21.5534
	Germany	US Dollars	Euros	\$69,885,000	Jan 15 – Jan 16
Hungarian Forint		Euros	HUF 1,103,500,000	Jan 15 – Jan 18	321.00 – 323.58
France	Hungarian Forint	Euros	HUF 628,969,730	Jan 15 – Oct 15	309.7486 – 319.77

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

### Exchange rate sensitivity

The majority of the transactions in each of the Group's geographical segments are denominated in the functional currency of that segment. There are, however, a limited number of transactions where foreign currency exchange risk exists. In these instances the Group enters into forward currency contracts, as shown in the above table, in order to mitigate such risk. At the end of the year the fair value of the outstanding contracts was a net asset of £1,298,000 (2014: £2,045,000).

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

### Liquidity risk

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

	On demand £'000	<3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
<b>Year ended 31 December 2015</b>					
Financial liabilities	90	1,583	2,340	2,171	6,184
Derivative financial instruments	–	574	338	10	922
Trade and other payables	–	581,855	–	–	581,855
	90	584,012	2,678	2,181	588,961
<b>Year ended 31 December 2014</b>					
Financial liabilities	1,004	2,226	4,128	3,602	10,960
Derivative financial instruments	–	114	222	53	389
Trade and other payables	–	638,662	–	–	638,662
	1,004	641,002	4,350	3,655	650,011

### Fair value measurements recognised in the consolidated balance sheet

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

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

### Derivative financial instruments – forward currency contracts

At 31 December 2015 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £1,298,000 (31 December 2014: £2,045,000).

The realised gains from forward currency contracts in the year to 31 December 2015 of £747,000 (2014: £4,405,000 loss), are offset by broadly equivalent realised losses on the related underlying transactions.

## 26 CAPITAL MANAGEMENT

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

Consistent with the Group's aim to maximise return to shareholders, the Company's Dividend Policy is to maintain a dividend cover of between 2 to 2.5 times. In 2015 the cover was 2.5 times, on an adjusted profit basis (2014: 2.5 times).

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

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates. Each country finances its own working capital requirements, typically resulting in borrowings in France with cash on deposit in the UK and Germany. During 2013, a notional cash pooling arrangement was introduced, which is still in place, which Group companies can access and allows the Group to pool its funds.

In certain circumstances, the Group enters into customer contracts that are financed by leases, which are secured only on the assets that they finance, or loans. Whilst the outstanding amounts of this CSF are included within net funds<sup>4</sup> for statutory reporting purposes, the Group excludes this CSF when managing the net funds<sup>4</sup> of the business as this outstanding financing is matched by committed future revenues. These financing facilities, which are committed, are thus outside of the normal working capital requirements of the Group's product resale and services activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

### 26 CAPITAL MANAGEMENT CONTINUED

In certain circumstances, the Group deposits its funds in short-term investments that do not fulfil the criteria to be classified as cash and cash equivalents. The Group considers these deposits when managing the net funds<sup>4</sup> of the business, and accordingly includes these deposits within net funds<sup>4</sup> excluding CSF.

Capital, defined as net funds<sup>4</sup>, that the Group monitors is:

	2015 £'000	2014 £'000
<b>Net funds<sup>4</sup> excluding CSF</b>	<b>126,675</b>	128,509
CSF	<b>(5,887)</b>	(9,312)
<b>Net funds<sup>4</sup></b>	<b>120,788</b>	119,197

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

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

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. At 31 December 2015, the Group had available £13.7 million of uncommitted overdraft facilities (2014: £16.1 million of uncommitted overdraft and factoring facilities).

### 27 ISSUED CAPITAL AND RESERVES

#### Authorised share capital

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

#### Ordinary shares

Issued and fully paid	6 <sup>2</sup> / <sub>3</sub> p ordinary shares No. '000	7 <sup>5</sup> / <sub>8</sub> p ordinary shares No. '000	0.01p B shares No. '000	0.01p Deferred shares No. '000	Total £'000
<b>At 1 January 2014</b>	138,930	–	89,432	–	9,271
Prior period correction	–	–	64,500	–	6
Ordinary shares issued during the year for cash on exercise of share options	82	–	–	–	6
<b>At 31 December 2014</b>	139,012	–	153,932	–	9,283
Share consolidation	(139,012)	122,658	–	–	–
Return of Value – issue of B shares	–	–	139,012	–	14
Conversion of B shares to deferred shares	–	–	(292,944)	292,944	–
<b>At 31 December 2015</b>	–	<b>122,658</b>	–	<b>292,944</b>	<b>9,297</b>

During the year, the issued share capital was increased by £14,000 by the issue of B shares of 0.01 pence each.

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

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

#### Share premium

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

#### Capital redemption reserve

The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year the Company repurchased nil of its own shares for cancellation (2014: nil).

#### Own shares held

Own shares held comprise the following:

##### i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 1,999,249 7<sup>5</sup>/<sub>8</sub> pence ordinary shares (2014: 2,772,338 6<sup>2</sup>/<sub>3</sub> pence) of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan (the Plan). The principal purpose of the Plan is to be funded with shares that will satisfy discretionary executive share plans. The number of shares held represents 1.6 per cent (2014: 2.0 per cent) of the Company's issued share capital.

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

Since 31 December 2002 the definition of beneficiaries under the ESOP Trust has been expanded to include employees who have been awarded options to acquire ordinary shares of 7<sup>5</sup>/<sub>8</sub> pence each in Computacenter plc under the other employee share plans of the Computacenter Group, namely the Computacenter Services Group plc Approved Executive Share Option Plan, the Computacenter Employee Share Option Scheme 1998, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance-Related Share Option Scheme 1998, the Computacenter Sharesave Plus Scheme and any future similar share ownership schemes.

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

The Plan Trustees have waived the dividends receivable in respect of 1,999,249 shares [2014: 2,772,338 shares] that it owns which are all unallocated shares.

#### ii) Computacenter Qualifying Employee Share Trust ('the Quest')

The total shares held are 200,462 [2014: 94,162], which represents 0.16 per cent [2014: 0.07 per cent] of the Company's issued share capital. All of these shares will continue to be held by the Quest until such time as the Sharesave options granted against them are exercised. The market value of these shares at 31 December 2015 was £1,707,936 [2014: £552,260]. The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest subscribed for nil [2014: 77,959] 6<sup>2</sup>/<sub>3</sub> pence ordinary shares.

#### Translation and hedging reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of foreign subsidiaries. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

## 28 SHARE-BASED PAYMENTS

### Executive share option scheme

During the year, options were exercised with respect to 300,000 [2014: 262,000] 6<sup>2</sup>/<sub>3</sub> pence ordinary shares at a nominal value of £22,667 [2014: £17,468] at an aggregate premium of £727,333 [2014: £644,492].

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of nil [2014: nil] shares lapsed.

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

Date of grant	Exercisable between	Exercise price	2015 Number outstanding	2014 Number outstanding
24/10/2006	24/10/2011 – 23/10/2016	250.00p	–	300,000
17/04/2007	17/04/2012 – 16/04/2017	285.00p	30,000	30,000
			30,000	330,000

Please refer to the information given in the Directors' interest in share incentive schemes table in the Annual Remuneration report on page 71 for details of the vesting conditions attached to the Executive share options.

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

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Executive share option scheme				
Outstanding at the beginning of the year <sup>1</sup>	330,000	£2.53	592,000	£2.53
Exercised during the year <sup>2</sup>	(300,000)	£2.53	(262,000)	£2.53
Outstanding at the end of the year	30,000	£2.56	330,000	£2.53
Exercisable at the end of the year	30,000	£2.85	330,000	£2.53

#### Notes

- Included within this balance are options over nil [2014: nil] shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.
- The weighted average share price at the date of exercise for the options exercised is £7.25 [2014: £6.29].

The weighted average remaining contractual life for the share options outstanding as at 31 December 2015 is 1.29 years [2014: 1.90 years].

### Computacenter LTIP Performance Share Plan

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

### 28 SHARE-BASED PAYMENTS CONTINUED

During the year 690,807 [2014: 777,970] shares were awarded, 487,335 [2014: 87,897] were exercised and 597,887 [2014: 863,041] lapsed. At 31 December 2015 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2015 Number outstanding	2014 Number outstanding
17/03/2011	17/03/2014	423.00p	2,660	4,788
23/03/2012	23/03/2015	433.00p	13,385	918,017
03/05/2013	21/03/2016	440.00p	867,525	972,648
20/03/2014	20/03/2017	682.50p	704,631	777,970
26/03/2015	26/03/2018	720.00p	690,807	–
			<b>2,279,008</b>	2,673,423

The weighted average share price at the date of exercise for the options exercised is £6.95 [2014: £6.59].

The weighted average remaining contractual life for the options outstanding as at 31 December 2015 is 1.1 years [2014: 1.2 years].

#### Computacenter Sharesave Scheme

The Group operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Group and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 1,133,397 [2014: 1,275,286] options were granted with a fair value of £946,862 [2014: £2,182,192].

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

Date of grant	Exercisable between	Share price	2015 Number outstanding	2014 Number outstanding
October 2009	01/12/2014 – 31/05/2015	320.00p	–	19,267
October 2010	01/12/2015 – 31/05/2016	258.00p	133,980	706,578
October 2011	01/12/2014 – 31/05/2015	369.00p	–	52,098
October 2011	01/12/2016 – 31/05/2017	332.00p	206,709	235,685
October 2012	01/12/2015 – 31/05/2016	381.00p	39,618	216,033
October 2012	01/12/2017 – 31/05/2018	343.00p	372,024	418,773
October 2013	01/12/2016 – 31/05/2017	484.00p	361,014	405,335
October 2013	01/12/2018 – 31/05/2019	430.00p	628,671	698,530
October 2014	01/12/2017 – 31/05/2018	589.50p	372,939	428,261
October 2014	01/12/2019 – 31/05/2020	524.00p	717,448	844,616
October 2015	01/12/2018 – 31/05/2019	675.00p	373,401	–
October 2015	01/12/2020 – 31/05/2021	600.00p	751,323	–
			<b>3,957,127</b>	4,025,176

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

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Sharesave Scheme				
Outstanding at the beginning of the year	4,025,176	£4.23	3,292,614	£3.65
Granted during the year	1,133,397	£6.25	1,275,286	£5.46
Forfeited during the year	(349,452)	£4.76	(205,728)	£3.96
Exercised during the year <sup>1</sup>	(851,994)	£3.00	(336,996)	£3.35
Outstanding at the end of the year	3,957,127	£5.03	4,025,176	£4.23
Exercisable at the end of the year	173,598	£2.86	71,365	£3.56

Notes

1. The weighted average share price at the date of exercise for the options exercised is £7.93 [2014: £6.23].

The weighted average remaining contractual life for the options outstanding as at 31 December 2015 is 3.4 years (2014: 3.3 years).

The fair value of the Executive Share Option Scheme, the Performance-Related Share Option Scheme, the LTIP Performance Share Plan and Sharesave Scheme plans are estimated as at the date of grant using the Black-Scholes valuation model. The following tables give the assumptions made during the year ended 31 December 2015 and 31 December 2014:

## 2015

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	26/03/2015	26/03/2015	–	24/10/2015	24/10/2015
Number of instruments granted	349,939	340,868	–	374,734	758,663
Exercise price	£nil	£nil	–	£6.75	£6.00
Share price at date of grant	£7.20	£7.20	–	£7.40	£7.40
Contractual life (years)	3	3	–	3	5
Vesting conditions	See the Annual Remuneration report included in the Annual Report and Accounts	See note 1 below	See note 1 below	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	–	30.1%	33.5%
Expected option life at grant date (years)	3	3	–	3	5
Risk-free interest rate	n/a	n/a	–	1.23%	1.23%
Dividend yield	2.64%	2.64%	–	2.64%	2.64%
Fair value per granted instrument determined at grant date	£6.66	£6.66	–	£1.54	£1.76

## 2014

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	20/03/2014	20/03/2014	20/03/2014	24/10/2014	24/10/2014
Number of instruments granted	404,138	360,103	13,729	430,092	845,194
Exercise price	£nil	£nil	£nil	£5.895	£5.24
Share price at date of grant	£6.635	£6.635	£6.635	£6.16	£6.16
Contractual life (years)	3	3	2	3	5
Vesting conditions	See the Annual Remuneration report included in the Annual Report and Accounts	See note 1 below	See note 1 below	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	34.2%	36.9%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.87%	1.87%
Dividend yield	2.60%	2.60%	2.60%	2.95%	2.95%
Fair value per granted instrument determined at grant date	£6.14	£6.14	£6.30	£1.34	£1.90

Note  
1. Issued under the terms of the Computacenter Performance Share Plan 2006, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period equals 5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the performance period equals 7.5 per cent and will vest in full if the compound annual EPS growth over the performance period equals 10 per cent. If the compound annual EPS growth over the performance period is between 5 and 10 per cent, shares awarded will vest on a straight-line basis. The performance period usually covers a period of three years from 1 January of the year the award is granted. A limited number of PSP awards are granted with a performance period of two years.

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

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

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

**29 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 January 2015 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2015 £'000
Cash and short-term deposits	129,865	(16,113)	–	(1,982)	111,770
Bank overdraft	(719)	584	–	45	(90)
Cash and cash equivalents	129,146	(15,529)	–	(1,937)	111,680
Current asset investments	–	15,000	–	–	15,000
Bank loans	(120)	107	–	8	(5)
Other loans non-CSF	(517)	517	–	–	–
<b>Net funds excluding CSF</b>	<b>128,509</b>	<b>95</b>	<b>–</b>	<b>(1,929)</b>	<b>126,675</b>
CSF leases	(6,696)	2,193	(175)	305	(4,373)
Customer specific other loans	(2,616)	1,089	–	–	(1,514)
<b>Total CSF</b>	<b>(9,312)</b>	<b>3,282</b>	<b>(175)</b>	<b>305</b>	<b>(5,887)</b>
<b>Net funds</b>	<b>119,197</b>	<b>3,377</b>	<b>(175)</b>	<b>(1,624)</b>	<b>120,788</b>

	At 1 January 2014 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2014 £'000
Cash and short-term deposits	91,098	42,682	–	(3,915)	129,865
Bank overdraft	(764)	(35)	–	80	(719)
Cash and cash equivalents	90,334	42,647	–	(3,835)	129,146
Bank loans	(63)	(61)	–	4	(120)
Other loans non-CSF	–	(517)	–	–	(517)
<b>Net funds excluding CSF</b>	<b>90,271</b>	<b>42,069</b>	<b>–</b>	<b>(3,831)</b>	<b>128,509</b>
CSF leases	(11,577)	4,983	(342)	240	(6,696)
Customer specific other loans	(7,280)	4,664	–	–	(2,616)
<b>Total CSF</b>	<b>(18,857)</b>	<b>9,647</b>	<b>(342)</b>	<b>240</b>	<b>(9,312)</b>
<b>Net funds</b>	<b>71,414</b>	<b>51,716</b>	<b>(342)</b>	<b>(3,591)</b>	<b>119,197</b>

**30 CAPITAL COMMITMENTS**

At 31 December 2015 and 31 December 2014 the Group held no significant commitments for capital expenditure.

**31 PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS**

The Group has a defined contribution pension plan, covering substantially all of its employees in the UK. The amount recognised as an expense for this plan is detailed in note 6. Details of the Retirement Benefit obligation for Computacenter France are given in note 24.

**32 RELATED PARTY TRANSACTIONS**

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

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

Triage Services Limited mainly provides IT hardware repair services to many of Computacenter's customers. MJ Norris is a Director of and has a material interest in Triage Services Limited.

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

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed to related parties £'000
Biomni Limited	10	946	29
Triage Services Limited	–	43	43
	<b>10</b>	<b>989</b>	<b>72</b>

#### Terms and conditions of transactions with related parties

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

#### Compensation of key management personnel (including Directors)

The Board of Directors is identified as the Group's key management personnel. Please refer to the information given in the remuneration table in the Annual Remuneration report on page 76 for details of compensation given to the Group's key management personnel. A summary of the compensation of key management personnel is provided below:

	2015 £'000	2014 £'000
Short-term employee benefits	<b>2,092</b>	1,946
Social security costs	<b>374</b>	231
Share-based payment transactions	<b>942</b>	732
Pension costs	<b>29</b>	41
Total compensation paid to key management personnel	<b>3,437</b>	2,951

The interest of the key management personnel in the Group's share incentive schemes are disclosed in the Annual Remuneration report on page 80.

**COMPANY BALANCE SHEET**

AS AT 31 DECEMBER 2015

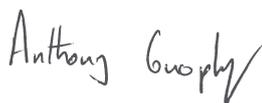
**COMPANY BALANCE SHEET**

	Note	2015 £'000	2014 £'000	2013 £'000
<b>Non-current assets</b>				
Intangible assets	3	<b>67,721</b>	76,221	84,721
Investment property	4	<b>17,253</b>	18,867	20,483
Investments	5	<b>182,389</b>	175,646	172,359
		<b>267,363</b>	270,734	277,563
<b>Current assets</b>				
Debtors	6	<b>43,649</b>	90,153	90,195
Cash at bank and in hand		<b>126</b>	68	119
		<b>43,775</b>	90,221	90,314
<b>Creditors: amounts falling due within one year</b>	7	<b>433</b>	51,672	129,783
<b>Net current assets/(liabilities)</b>		<b>43,342</b>	38,549	(39,469)
<b>Total assets less current liabilities</b>		<b>310,705</b>	309,283	238,094
<b>Net assets</b>		<b>310,705</b>	309,283	238,094
<b>Capital and reserves</b>				
Called up share capital		<b>9,297</b>	9,283	9,271
Share premium account		<b>3,830</b>	4,597	4,362
Capital redemption reserve		<b>74,957</b>	74,957	74,963
Merger reserve		<b>55,990</b>	55,990	55,990
Own shares held		<b>(10,571)</b>	(10,760)	(10,015)
Retained earnings		<b>177,202</b>	175,216	103,523
Shareholders' equity		<b>310,705</b>	309,283	238,094

Approved by the Board on 11 March 2016



**MJ Norris**  
Chief Executive Officer



**FA Conophy**  
Group Finance Director

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Own shares held £'000	Retained earnings £'000	Total shareholders' equity £'000
<b>At 1 January 2013</b>	9,234	3,769	74,957	55,990	(11,887)	199,706	331,769
Profit for the year	-	-	-	-	-	869	869
<b>Total comprehensive income for the year</b>	-	-	-	-	-	869	869
Exercise of options	28	1,194	-	-	3,364	(2,324)	2,572
Share options granted to employees of subsidiary companies	-	-	-	-	-	1,070	1,070
Bonus issue	15	(15)	-	-	-	-	-
Expenses on bonus issue	-	(586)	-	-	-	-	(586)
Redemption of shares	(6)	-	6	-	-	-	-
Return of Value (RoV)	-	-	-	-	-	(73,115)	(73,115)
Purchase of own shares	-	-	-	-	(1,492)	-	(1,492)
Equity dividends	-	-	-	-	-	(22,797)	(22,797)
<b>At 31 December 2013</b>	9,271	4,362	74,963	55,990	(10,015)	103,523	238,094
Profit for the year	-	-	-	-	-	93,316	93,316
<b>Total comprehensive income for the year</b>	-	-	-	-	-	93,316	93,316
Prior period corrections	6	-	(6)	-	695	(756)	(61)
Exercise of options	6	235	-	-	2,804	(965)	2,080
Purchase of own shares	-	-	-	-	(2,283)	-	(2,283)
Share options granted to employees of subsidiary companies	-	-	-	-	-	2,810	2,810
Shares gifted from subsidiary to ESOP	-	-	-	-	(1,961)	1,961	-
Equity dividends	-	-	-	-	-	(24,673)	(24,673)
<b>At 31 December 2014</b>	9,283	4,597	74,957	55,990	(10,760)	175,216	309,283
Profit for the year	-	-	-	-	-	123,341	123,341
<b>Total comprehensive income for the year</b>	-	-	-	-	-	123,341	123,341
Exercise of options	-	-	-	-	9,967	(4,635)	5,332
Share options granted to employees of subsidiary companies	-	-	-	-	-	4,670	4,670
RoV	-	-	-	-	-	(97,916)	(97,916)
Expenses on RoV	-	(753)	-	-	-	-	(753)
Issue of B shares relating to RoV	14	(14)	-	-	-	-	-
Purchase of own shares	-	-	-	-	(9,778)	-	(9,778)
Equity dividends	-	-	-	-	-	(23,474)	(23,474)
<b>At 31 December 2015</b>	<b>9,297</b>	<b>3,830</b>	<b>74,957</b>	<b>55,990</b>	<b>(10,571)</b>	<b>177,202</b>	<b>310,705</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The parent company Financial Statements of Computacenter plc (the Company) for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 11 March 2016 and the balance sheet was signed on the Board's behalf by M.J. Norris and F.A. Conophy. Computacenter plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Financial Statements are prepared under the historical cost convention.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of Computacenter plc are included in the consolidated Financial Statements of Computacenter plc which are available from Computacenter plc, Hatfield Business Park, Hatfield Avenue, Hatfield, AL10 9TW. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2015. The Financial Statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000).

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. Transition details showing all material adjustments are disclosed in note 10. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment,
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations,
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures,
- (e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- (f) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
  - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - (v) paragraph 50 of IAS 41 Agriculture.
- (g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (h) the requirements of IAS 7 Statement of Cash Flows;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (k) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The basis for all of the above exemptions is because equivalent disclosures are included in the consolidated Financial Statements of the Group in which the entity is consolidated.

#### Intellectual property

Licences purchased in respect of intellectual property are capitalised, classified as an intangible asset on the balance sheet and amortised on a straight-line basis over the period of the licence, normally 20 years.

#### Depreciation of fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

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Freehold buildings	25 years
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#### Investment property

Investment property is defined as land and/or buildings held by the Company to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. The Company recognises any part of an owned (or leased under a finance lease) property that is leased to third-parties as investment property, unless it represents an insignificant portion of the property.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, the Company elected to measure investment property at cost less accumulated depreciation and accumulated impairment losses, if any [i.e. applying the same accounting policies (including useful lives) as for property, plant and equipment]. The fair values, which reflect the market conditions at the balance sheet date, are disclosed in note 4.

#### Investments

Fixed asset investments are shown at cost less provision for impairment.

**Impairment of assets**

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Share-based payment transactions**

The accounting policy in relation to share-based payment transactions is disclosed in full in the consolidated Financial Statements. In addition to that, the financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings are recognised by the Company in its individual Financial Statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However later modifications of such equity instruments are measured under IFRS 2.

**Taxation**

Corporation tax payable is provided on taxable profits at the current tax rate. Where Group relief is surrendered from other subsidiaries in the Group, the Company is required to pay to the surrendering company an amount equal to the loss surrendered multiplied by the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Own shares held**

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

**3 INTANGIBLE ASSETS**

	Intellectual property £'000
<b>Cost</b>	
At 1 January 2014, 1 January 2015 and 31 December 2015	<b>169,737</b>
<b>Amortisation</b>	
At 1 January 2014	<b>85,016</b>
Charge in the year	<b>8,500</b>
<b>At 31 December 2014</b>	<b>93,516</b>
Charge in the year	<b>8,500</b>
<b>At 31 December 2015</b>	<b>102,016</b>
<b>Net book value</b>	
<b>At 31 December 2015</b>	<b>67,721</b>
At 31 December 2014	<b>76,221</b>
At 1 January 2014	<b>84,721</b>

#### 4 INVESTMENT PROPERTIES

	Freehold land and buildings £'000
<b>Cost</b>	
At 1 January 2014, 1 January 2015 and 31 December 2015	42,350
<b>Depreciation</b>	
At 1 January 2014	21,867
Charge in the year	1,616
<b>At 31 December 2014</b>	<b>23,483</b>
Charge in the year	1,614
<b>At 31 December 2015</b>	<b>25,097</b>
<b>Net book value</b>	
<b>At 31 December 2015</b>	<b>17,253</b>
At 31 December 2014	18,867
At 1 January 2014	20,483

Investment property represents a building owned by the Company that is leased to Computacenter (UK) Ltd a fully owned subsidiary of the Company.

The fair value of investment property amounted to £36.5 million at 31 December 2015 (£34.7 million at 31 December 2014, £33 million at 1 January 2014). The fair values for disclosure purposes have been determined using either the support of qualified independent external valuers or by internal valuers with the necessary recognised and relevant professional qualification, applying a combination of the present value of future cash flows and observable market values of comparable properties.

#### 5 INVESTMENTS

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	261,329	2,754	25	264,108
Additions	31,742	-	-	31,742
Share-based payments	2,810	-	-	2,810
At 31 December 2014	295,881	2,754	25	298,660
Additions	2,073	-	-	2,073
Share-based payments	4,670	-	-	4,670
<b>At 31 December 2015</b>	<b>302,624</b>	<b>2,754</b>	<b>25</b>	<b>305,403</b>
<b>Amounts provided</b>				
At 1 January 2014	88,970	2,754	25	91,749
Provided during the year	31,265	-	-	31,265
At 31 December 2014 and 31 December 2015	120,235	2,754	25	123,014
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>182,389</b>	<b>-</b>	<b>-</b>	<b>182,389</b>
At 31 December 2014	175,646	-	-	175,646
At 1 January 2014	172,359	-	-	172,359

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in the Group accounts in note 16.

**6 DEBTORS**

	2015 £'000	2014 £'000	2013 £'000
Amount owed by subsidiary undertaking	<b>43,502</b>	90,000	90,000
Other debtors	<b>127</b>	128	165
Deferred tax	<b>20</b>	25	30
	<b>43,649</b>	90,153	90,195

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £'000	2014 £'000	2013 £'000
Amount owed to subsidiary undertaking	–	49,474	127,618
Accruals	–	1,591	1,786
Deferred income	–	–	31
Corporation tax	<b>433</b>	607	348
	<b>433</b>	51,672	129,783

**8 CONTINGENT LIABILITIES**

The Company has given a guarantee in the normal course of business to suppliers of subsidiaries undertaking for an amount not exceeding £58.2 million (2014: £7.9 million).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2015 is £0.1 million (2014: £0.7 million).

**9 AUDITOR'S REMUNERATION**

All Auditor's remuneration is borne by Computacenter (UK) Ltd, a fully-owned UK subsidiary of the Company.

**10 TRANSITION TO FRS 101**

For all periods up to and including the year ended 31 December 2014, the Company prepared its Financial Statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP). These Financial Statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual Financial Statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these Financial Statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2013 prepared under previously extant UK GAAP and its previously published UK GAAP Financial Statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-13 of IFRS 1 'first time adoption of international financial reporting standards.'

**Exemptions applied**

IFRS 1 allows first time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2015 year ends retrospectively. The Company has taken advantage of the following exemptions:

**Share-based payments**

IFRS 2 Share-based payment has not been applied to any equity instrument that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005. This treatment is consistent with the transitional provisions taken when the Company adopted FRS 20, the UK equivalent standard.

## 10 TRANSITION TO FRS 101 CONTINUED

### Merger accounting and the merger reserve

Prior to 1 January 2013, certain significant business combinations were accounted for using the 'pooling of interests method' (or merger accounting), which treats the merged groups as if they had been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of new shares issued by the Parent Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account. These transactions have not been restated, as permitted by the IFRS 1 transitional arrangements.

The merger reserve is also used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006.

### Reconciliation from UK GAAP to FRS 101

#### Investment property

Property, plant and equipment, which represented, freehold land and building has been reclassified to investment property in line with IAS 40 on transition to FRS 101. The freehold land and building are leased to Computacenter (UK) Limited, a fully owned subsidiary of the Company. Under SSAP 19 (old UK GAAP), there was an exemption available to treat properties let to and occupied by Group entities as property, plant and equipment, however it is not allowed under IAS 40.

There were no other transitional adjustments recorded.

## 11 DISTRIBUTABLE RESERVES

Dividends are paid from the standalone balance sheet of Computacenter plc, and as at 31 December 2015, the distributable reserves are approximately £166.7 million.

## DISCLAIMER - FORWARD LOOKING STATEMENTS

This Annual Report and Accounts includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should' or 'will', or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Accounts and include, but are not limited to, statements regarding the Groups' intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of its respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report and Accounts. In addition, even if the results of operations and the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Annual Report and Accounts, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those risks in the risk factor section of the 2015 Computacenter Annual Report and Accounts, as well as general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development.

Forward-looking statements speak only as of the date of this Annual Report and Accounts and may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report and Accounts reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

Neither Computacenter plc nor any of its subsidiaries undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by applicable law or regulation.

## GROUP FIVE-YEAR FINANCIAL REVIEW

	Including RDC 2011 £'000	Including RDC 2012 £'000	Including RDC 2013 £'000	Including RDC 2014 £'000	Excluding RDC 2014 £'000	Excluding RDC 2015 £'000
Adjusted revenue <sup>1</sup>	2,852.3	2,914.2	3,072.1	3,107.8	<b>3,063.3</b>	<b>3,054.2</b>
Adjusted operating profit <sup>1</sup>	72.5	79.1	82.2	86.1	<b>80.7</b>	<b>87.1</b>
Adjusted profit before tax <sup>1</sup>	74.2	79.3	81.7	85.9	<b>81.1</b>	<b>86.9</b>
Statutory profit for the year	61.0	49.1	33.2	55.1	<b>50.3</b>	<b>103.1</b>
Adjusted diluted earnings per share <sup>1</sup>	37.4p	40.8p	43.3p	46.8p	<b>44.1p</b>	<b>53.4p</b>
Net cash excluding CSF	136.8	147.3	90.3	128.5	<b>128.0</b>	<b>126.7</b>
Year-end headcount	11,626	12,627	12,703	13,175	<b>12,959</b>	<b>12,993</b>

Note: The 2011-2014 results above are as previously reported in the 2014 Annual Report and Accounts. In addition, 2014 has been represented excluding RDC in line with 2015 Annual Report and Accounts.

## GROUP SUMMARY BALANCE SHEET

AS AT 31 DECEMBER

## GROUP SUMMARY BALANCE SHEET

	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000
Tangible assets	98.3	100.7	89.0	79.9	<b>57.1</b>
Investment property	–	–	–	–	<b>10.3</b>
Intangible assets	104.2	104.6	98.9	90.3	<b>81.5</b>
Investment in associate	0.5	0.6	–	–	<b>–</b>
Deferred tax asset	15.9	14.4	15.2	15.1	<b>12.8</b>
Inventories	97.4	67.8	58.6	50.0	<b>45.7</b>
Trade and other receivables	549.0	573.7	667.7	695.9	<b>621.8</b>
Prepayments and accrued income	90.1	104.2	114.8	103.6	<b>106.5</b>
Forward currency contracts	(0.2)	(0.6)	(2.4)	2.4	<b>2.2</b>
Current asset investment	10.0	10.0	–	–	<b>15.0</b>
Cash	128.4	138.1	91.1	129.9	<b>111.8</b>
Current liabilities	(665.9)	(673.3)	(745.3)	(768.5)	<b>(695.9)</b>
Non-current liabilities	(24.0)	(17.9)	(22.9)	(13.2)	<b>(7.3)</b>
Net assets	403.7	422.3	364.7	385.4	<b>361.5</b>

## FINANCIAL CALENDAR

## FINANCIAL CALENDAR

Title	Date
Second interim dividend record date	24 March 2016
Second interim dividend payment date	5 April 2016
AGM	19 May 2016
Interim results announcement	26 August 2016

**BOARD OF DIRECTORS**

Greg Lock (Non-Executive Chairman)  
Mike Norris (Chief Executive Officer)  
Tony Conophy (Group Finance Director)  
Philip Yea (Senior Independent Director)  
Philip Hulme (Non-Executive Director)  
Peter Ogden (Non-Executive Director)  
Minnow Powell (Non-Executive Director)  
Regine Stachelhaus (Non-Executive Director)

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Simon Pereira

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**COMPANY REGISTRATION NUMBER**

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## **Enabling users and their business**

Computacenter is Europe's leading independent provider of IT infrastructure services, enabling users and their business. We advise organisations on IT strategy, implement the most appropriate technology, optimise its performance, and manage our customers' infrastructures. In doing this we help CIOs and IT departments in enterprise and corporate organisations maximise productivity and the business value of IT for internal and external users.



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**[www.computacenter.com](http://www.computacenter.com)**

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