

Annual Report and Accounts 2000  
Where vision meets know-how

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*Computacenter*

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## Where vision meets know-how

In a world where IT is increasingly important to business success, today's organisations look for a trusted partner to help them realise competitive advantage from technology.

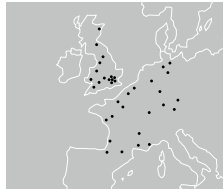
This report shows how, once again in 2000, we worked with our customers to help them realise their vision. Through anticipating and acting on our customers' needs, by continuous investment in our systems and services, and through the knowledge, experience and ongoing commitment of our staff, we strive to make the difference.

Cover: Our staff make the difference. Computacenter is both people and service driven, and is committed to the continuous development of both.

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## European presence



### UK

Aberdeen Birmingham Bristol Cardiff  
Edinburgh Gatwick Hatfield Leeds London  
Maldenhead Manchester Milton Keynes  
Reading Swindon Watford

### Germany

Frankfurt Bremen Hannover Dusseldorf  
Ludwigshafen Munich Stuttgart

### France

Paris Bordeaux Lille Lyon Marseille  
Nantes Nice Pau Rennes Rouen  
Strasbourg Toulouse

### Belgium

Brussels

### Luxembourg

Luxembourg

## Global coverage



EMEA



The Americas



Asia Pacific

Computacenter is an international player and a founding member of the International Computer Group (ICG), a world wide network of partners in 43 countries serving customers requiring IT products and services deployed internationally. For more information, visit [www.icg-global.com](http://www.icg-global.com)

## Business activity 2000

Computacenter provides a wide range of IT infrastructure services, which can be split into the following broad categories.

### Business Enablement Services

We help organisations better deliver, manage and share information with their internal and external customers. Services include the auditing, design and implementation of messaging systems, knowledge management and e-business solutions.

### Consolidation and Integration Services

We help our customers make more efficient, cost-effective use of their IT systems. Services include consolidating widely dispersed IT infrastructures, implementing local or remote hosted environments and optimising our customers' security, application, network and storage platforms.

### Operational Management Services

We help our customers reduce the cost and increase the value of IT, while minimising the management burden. Our selective outsourcing services range from managing on-site or centralised help desks, through responsibility for all large-scale infrastructure moves and changes, to the management of streamlined e-procurement systems.

### Logistical Services

Our logistics centres in the UK, France and Germany provide customised configuration and delivery services for over 6,000 product lines from 1,400 different suppliers. Our consultants and engineers specify, test and install the most appropriate technology and then ensure it is kept running, 24 hours a day, 365 days a year.

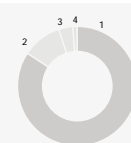
## Highlights 2000

	2000 £m	1999 £m
Group turnover	£1,988.4	£1,760.6
Operating profit <sup>1</sup>	£61.4	£75.6
Profit before tax	£55.6	£75.1
Diluted earnings per share <sup>2</sup>	20.8p	28.1p
	2000	1999
Year-end Group employee numbers	5,788	5,618

<sup>1</sup> Excluding results of overseas associated undertakings and joint ventures  
<sup>2</sup> Amended in accordance with FRS redefinition

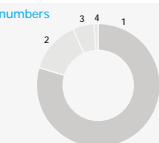
### Turnover by country of origin

- 1 United Kingdom: £1,686.5m (84.8%)
- 2 France: £214.4m (10.8%)
- 3 Germany: £74.7m (3.8%)
- 4 Belux: £12.8m (0.6%)



### Year-end Group employee numbers

- 1 United Kingdom: 4,627 (79.9%)
- 2 France: 778 (13.5%)
- 3 Germany: 320 (5.5%)
- 4 Belux: 63 (1.1%)



"The broad thrust of the Group's strategy remains unchanged. We design, integrate, support and manage IT systems for large corporate and public sector organisations."



Ron Sandler in conversation with Philip Hulme.

2000 was a year of challenging market conditions for our industry. The slowdown in demand from our corporate customers immediately following the millennium was anticipated but the rate of recovery was slower than we expected with the impact lasting well into the third quarter. Fortunately market conditions continued to improve as the year progressed and revenues recovered to encouraging levels in the last quarter. Group sales in the full year were £1.99 billion, up 12.9% on 1999.

As we indicated in our interim statement, the level of staff utilisation in a number of our services was significantly below expectations in the first part of the year. This was the principal cause of the decline in the Group's profitability in 2000. However, utilisation recovered steadily as the year progressed until, in the final few months of 2000, most of our service activities were running at or near full capacity. The consequence of this recovery, combined with higher revenues, was a significant improvement in profitability in the second half of the year.

Profit before tax for the full year, prior to our investment in Biomni Ltd, our e-commerce joint-venture with Computasoft Ltd, was £59.1m compared to £75.1m in 1999. Profit before tax in the second half, on the same basis, was £38.0m, compared to £34.4m in the same period in the previous year. The Group's share of losses in Biomni was slightly less than anticipated at £3.6m.

The Group's cash position remained strong. After capital investment of £36.0m, net funds at the year-end were £13.4m compared to £21.2m in the previous year. During 2000, £14.0m was expended on the final phases of the Group's new operations centre in Hatfield.

The broad thrust of the Group's strategy remains unchanged. We design, integrate, support and manage IT systems for large corporate and public sector organisations. We do this in partnership with our customers and in partnership with best-in-class product and service providers.

Because we are the leading provider of IT infrastructure services in the UK,

our customers benefit from our scale economies and depth of technical and operational resource. Our strategy is predicated on maintaining our position of market leadership. The considerable investment in our new operations centre and ongoing investment in staff reflects our commitment to this goal.

Computacenter's strength in the UK market served us well during a difficult year in 2000. The Group grew its revenues and built on its scale advantages to increase market share in a number of key areas of the business. We saw continued rapid growth in demand for Unix systems, networking and storage products and made further strides in developing our outsourcing and other service activities. All of these areas continue to offer great opportunities for the Group. Our market presence and the strength of our long-term customer relationships are assets that we will continue to develop and build upon.

The Group's business also continues to generate new development opportunities. Our Biomni e-commerce joint-venture grew out of our internal e-commerce system but now is a

rapidly growing stand-alone business. It remains our intention to float Biomni when market conditions are right. Our e-business consultants have led the way into several new business areas, including managed web hosting services, a market that offers great potential to the Group.

As regards prospects for 2001, in January we suggested that it would be prudent to remain cautious regarding both general market conditions and the possibility of increasing margin pressure. We have no reason to change our view at this time. However, trading in the first weeks of the year has been satisfactory and in line with our expectations, reflecting the continuation of the market recovery experienced in the latter part of last year.

For the longer term, we remain confident of the Group's strategic positioning and the opportunities this presents. Growth prospects, now the millennium is behind us, are strong.

On a personal note, after twenty years full-time involvement in Computacenter I have decided to step down as Executive Chairman at the Annual

General Meeting in May and I am delighted to welcome Ron Sandler as my successor. Ron joined the Board as a non-executive director in May last year and has already made a valuable contribution to the development of the Group. Ron's background and qualifications speak for themselves. We are very fortunate to have him in the role and I am confident that he will lead the Group into a new era of profitable growth.

I would like to thank all Computacenter's staff, past and present, for the tremendous support they have given to the Company and to me personally over the years. It is my intention to remain on the Board as a non-executive director and I look forward to participating in the Group's continued success.

Finally, reflecting our confidence in the future, I am pleased to recommend an unchanged final dividend of 2.9 pence per share payable on May 23 to all registered shareholders as at May 4 2001.



Philip Hulme  
Chairman

A handwritten signature of Philip Hulme in blue ink.

"Market conditions continued to improve as the year progressed and revenues recovered to encouraging levels in the last quarter."

"Due to the strength of our position in the UK market, Computacenter was able to weather the difficult market conditions in 2000 better than many of its competitors across Europe."

The IT challenges facing our corporate customers have changed substantially in the last 18 months. In 1999, Y2000 compliance projects were a major part of our business while in 2000 the emphasis shifted towards e-commerce initiatives. In the first part of 2000 our business recovered more slowly than we anticipated, largely due to our customers taking longer than expected to initiate investment in new projects post Y2000. However, while the impact of this lasted well into the year, IT expenditure on major infrastructure projects began to recover momentum in the second half.

Due to the strength of our position in the UK market, Computacenter was able to weather these difficult market conditions better than many of our competitors across Europe. Thus, while our results for the financial year fell short of our expectations at the beginning of 2000, the Group's profitability has proved relatively resilient and we remain strongly in profit.

The Group continues to show a record of good long-term performance. In recognition of this we were awarded

a "Wealth Creation 2000" Award by the Sunday Times and Stern Stewart Europe. The award was for the best economic value added (EVA) performance in the UK over the past five years.

**Investment**  
During 2000 we continued to invest across the business, consolidating our position as a leading supplier of IT infrastructure services to the European corporate marketplace.

As in previous years, recruitment and training remained our biggest investment. Headcount across the Group grew by 3% from 5,618 at the end of 1999 to 5,788 at the end of 2000. We also continued to increase our investment in best practices and systems that allow us to deliver our growing range of services cost-effectively and to the highest quality standards. This included investment in standardised tools to deliver managed services and a new IT system to enable improved scheduling and utilisation of our professional services staff.

During the year many of our staff completed the move into our new

To allow its staff to concentrate on developing new mobile technologies for its users, One 2 One outsources the design, testing and implementation of the IT infrastructure for each customer contact centre to Computacenter. Providing network design consultancy, vendor management and implementation, Computacenter offers each project as a "turnkey" installation.

**Jon Jacobs**  
Data networking infrastructure account manager, Computacenter

**Kate Mickelfield**  
Account manager, Computacenter

Hatfield based headquarters and operations centre, which provides a much-improved working environment. As we complete the migration of our UK logistical operations into this new facility, we look forward to the efficiencies and extended opportunities this will afford the Group. We believe that the increasing economies of scale we enjoy in these areas will be a significant source of competitive advantage.

In 2000 our strategy of investment in our business yielded a Group revenue growth of 12.9%. Our international sales also grew in 2000, with £301.9m (15.2% of the total Group turnover of £1.99 billion coming from sales in France, Germany, Belgium and Luxembourg. The remaining £1.69 billion (84.8%), was generated by our UK business.

### **UK Operations** *Organisational re-focus*

To enhance our operational and marketing effectiveness and, in particular, facilitate the continued growth of our services, we have brought together our three UK operating divisions: Supply Chain

Services, Managed Services and Professional Services, into a single, customer facing organisation. This is under the direction of Chris Webb, Chief Operating Officer for the UK. Chris has been with Computacenter for ten years and brings considerable sales and operational experience to the role. The new structure gives our customers a single point of focus for all product and service requirements, enabling our staff to better anticipate and respond to their needs.

To support our UK and international operations, a new services development and strategy division has been created under the experienced direction of Gordon Channon, who joined Computacenter from BT in early 2000. This division's aim is to anticipate customer requirements and develop appropriate service offerings, while also developing and implementing best practices to enhance our operational effectiveness.



**Kate Mickelfield**  
Account manager, Computacenter



**Mike Norris**  
Chief Executive

BuildOnline provides the first on-line collaboration, tender management and procurement service for the European construction industry. To increase its focus on its core business, the company turned to Computacenter, who now provide an end-to-end e-commerce solution, from migration consultancy through to installation and 24 hour, 365 days a year managed support.

Jonathan Saxelby  
E-business account manager,  
Computacenter

Sonal Patel  
Account manager, Computacenter

"We have seen our enterprise systems business, especially deployment of Sun Microsystems and related solutions, go from strength to strength."

#### Enterprise services

Over the year we have seen our enterprise systems business, especially the deployment of Sun Microsystems and related solutions, go from strength to strength on the back of accelerated demand for e-business applications and server consolidation. Enterprise revenues grew by 50% on 1999 and we anticipate continuing strong growth in 2001. In recognition of this, as part of our re-organisation in the last quarter of 2000, Computacenter created a new enterprise division, consolidating our specialist skills across all service and technology platforms.

We have continued to build on our long-term partnerships with the key technology providers in the enterprise arena, including Sun Microsystems, Compaq, IBM, Hewlett-Packard, Cisco, Nortel, StorageTek and EMC. We are increasingly recognised by these partners as one of the leading channels to corporate and public sector markets and won Sun Microsystems' first channel award for service and support in 2000. We were judged on our total service and supply chain offering, from helpdesk, technical, sales, support and training skills to our marketing and investment in staff.



#### Managed services

Computacenter provides a range of selective outsourced support services designed to increase the value of our customers' IT investments. Our goal is to support our customers through selective outsourcing of essential support tasks within their data centre, network and desktop environments. In 2000 this high margin contract-based area of business grew significantly, with contract revenues growing over 25% on 1999.

Major managed services account wins in 2000 included the Inland Revenue, Thus, Abbey National Treasury Services, Aegon and Unipart. Our three year contract with the Inland Revenue covers the managed procurement of all IT and telecommunications products, while for Thus, Computacenter is providing helpdesk support across 30 UK-wide locations. For Abbey National Treasury Services we won a major contract to provide server and workstation infrastructure design and managed support. This includes the implementation of a new trading floor and a move to the company's new UK headquarters.

#### Professional and engineering services

Our team of over 400 UK consultants and project management professionals provides the vital planning and implementation resources needed to roll out large-scale IT programmes.

While staff utilisation was lower than anticipated in the first half of 2000, most of our professional service resources were running at full capacity by the end of the fourth quarter. Large Windows 2000 projects have steadily gathered pace and we anticipate that many of our customers will initiate full-scale roll-outs in 2001.

The increasing importance of network infrastructures and the need for rapid, large-scale implementations enabled Computacenter to undertake a number of demanding infrastructure projects in 2000. Amongst these was a major roll-out and support project for Lloyds TSB. Other professional services wins in 2000 included a major enterprise infrastructure deployment and Lotus Notes migration for PricewaterhouseCoopers, the world's largest business services company.

Computacenter's customer engineering force carried out thousands of installations across the UK every month. The utilisation of these teams recovered steadily towards the end of the year but lagged slightly behind that of our professional services staff, who are typically deployed earlier in the lifecycle of a project. Computacenter's depth of resource in this area is a major reason why many large organisations turn to us to deliver their total project needs, sometimes at short notice.

#### E-business services

We continued to invest in the provision of e-business services, bringing a number of new and enhanced services to market. These included further development of 'SiteHost' and 'SiteAlert' and the launch of 'SiteSecure', a new managed network security service.

Computacenter secured a number of major contracts to deliver managed web services to customers including Direct Line, BuildOnline and Sanctuary Music. Direct Line chose SiteHost to launch its new online service (janjar.com). Key components of the

\*Major managed services account wins in 2000 included the Inland Revenue, Thus, Abbey National Treasury Services, Aegon and Unipart.\*

To help the FCO share knowledge more effectively with its diplomatic missions overseas, Computacenter has worked closely with the customer's in-house team on a three year global IT infrastructure replacement project. Services include technical design and consultancy, cabling, project management, installation and training at the FCO's headquarters in London and at over 200 locations across the world.



**Inga Marais**  
Project manager, Computacenter



**Andrew Pring**  
Client director, Computacenter

service include 24-hour management and monitoring for the entire hosted infrastructure platform.

#### **Supply-Chain services**

Our new 34,000 sq. metre facility at Hatfield is now complete and migration of operations is well underway. This investment will allow us to offer our customers higher quality, faster, more cost-effective services, together with an enhanced range of customised services.

The operations centre enables us to ship up to 35,000 items a day, while our expanded configuration facility allows us to custom configure and test up to 3,000 systems per day. This offers the flexibility to build and test customer systems from the simplest PCs to complex networking systems and enterprise class Unix servers. This investment, combined with our established product testing and portfolio management capability, provides us with a significant capability to compete against direct sale manufacturers.

#### **Customer Relationships**

A major contract win in the first half of the year was BP Amoco, for whom we are implementing one of the largest

roll-outs of Microsoft Windows 2000 to date. These services are being delivered in partnership with the International Computer Group (ICG), across 61 countries. Other service contracts won in 2000 included BT Callnet, where we are providing a range of managed services spanning e-procurement to asset management, and NTL, where our support includes project management, storage and enterprise management consultancy.

We also provided the equipment and services for the new London Assembly on behalf of the DETR and secured extensions to our managed services contracts with Seaboard and Shell Services International.

#### **International Operations**

Many of our customers look to us to supply products and services on a pan-European basis. We continue to answer this requirement through our direct presence in the largest markets in Europe and our majority shareholding and role in the direction of the International Computer Group (ICG).

#### **Computacenter France**

As in the UK, our European businesses experienced a stronger second half

following the slow post-millennium recovery. In France where we enjoy significant scale in our supply chain business, the company returned to profitability in the second half of the year and we continued to consolidate our position as one of the top three competitors with national coverage in the French market.

New business won during 2000 included a large migration project for Ernst & Young covering 20 sites. We also won additional services contracts with a number of established customers, including a managed services contract for Schneider Electric. In 2000 we established ourselves as the only Compaq service partner in France and are beginning to enjoy the competitive advantage of delivering such a unique service portfolio.

#### **Computacenter Germany**

In spite of the difficult trading conditions Computacenter Germany won some significant new contracts in 2000, including EDS and Sharp, while also extending the range of services provided to existing customers, including DVAG, Dresdner Bank and Deutsche Hypotheken Bank. In light of the relatively small scale

of our business in Germany, we have commenced a programme designed to better align our operations around service provision and development of enterprise system sales. We laid the foundations of this plan during 2000, and are pleased with progress to date.

#### **Computacenter Belgium and Luxembourg**

At the beginning of the year Computacenter Belgium won a number of new contracts. These include the Ministry of Employment, CESI (a private medical business) and the Belgian subsidiary of Deutsche Bank. During the year we also won a pan-European infrastructure roll-out project with Bass Hotels and Resorts, as well as a major new managed services contract with SWIFT SC, where we are providing global helpdesk services, asset management and user installations, moves and upgrades.

Computacenter Belgium was strengthened with a new acquisition, Inacom Services Europe SA, in June. The acquisition underpins Computacenter's existing capabilities in pan-European project management and consolidates our position as a leading IT solutions provider in Belgium and Luxembourg.



\*The acquisition of Inacom Services Europe SA underpins Computacenter's existing capabilities in pan-European project management and consolidates our position as a leading IT solutions provider in Belgium and Luxembourg.\*



To maintain its position as a tier one supplier to the world's motor industry, TRW wanted to upgrade its IT infrastructure, taking advantage of remote management tools and a standard desktop platform. Computacenter developed and implemented the new environment, providing training and guaranteeing service levels across all six countries.



**Annette Morford**  
*Account manager, Computacenter*



**James Anker**  
*Technology consultant, Computacenter*



#### **International Computer Group (ICG)**

ICG replaced its former North American partner, Inacom, with Comark, one of the largest privately held suppliers of information technology solutions in the US. Comark offers complementary services to Computacenter, from planning, consulting and procurement through to deployment and implementation of distributed IT.

#### **Other Businesses**

Biomni Ltd, our joint venture with Computasoft e-Commerce Ltd, saw considerable success in 2000, with growing uptake of its e-procurement solutions among both buyers and suppliers. More than 8.5 million transactions passed through Biomni's systems in 2000.

Major customers selecting Biomni's e-procurement solutions over the last year include Glaxo Smithkline, HM Foreign and Commonwealth Office and Royal & SunAlliance's Global E-Ventures initiative, usecolor.com. Biomni remains responsible for the development of Computacenter's electronic procurement system deployed by our customers across Europe.

#### **Outlook**

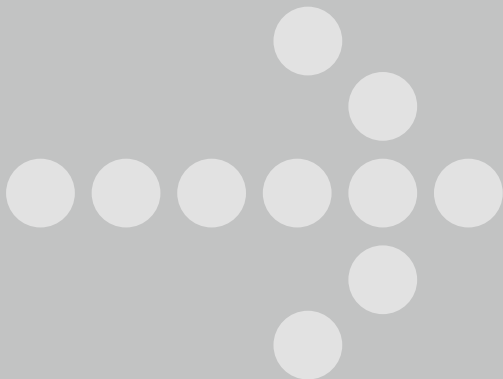
The twelve months following the millennium change-over have seen a gradual but steady return to anticipated trading patterns. As we move into 2001 we expect continued demand from our customers to deploy IT for enterprise e-business initiatives. We also anticipate that the accelerating adoption of Windows 2000 will drive demand for our core services.

Our customers also continue to look to Computacenter to provide selective outsourced services and we will continue to invest in people and systems to accommodate this growth. With strengthening demand and a sustained programme of long-term investment, the outlook for the Group remains strong.

## ...it gets better

Our customers know we add our greatest value through long-term relationships. That's why nine out of ten of our largest customers in 1994 remain significant customers today.

The following pages show how, by working very closely with our customers, listening to their issues and anticipating their needs, we can help them derive real business advantage from technology.





We are integrating our systems and processes as closely as we can with those of the Inland Revenue to give them a seamless link for e-procurement...

Kieran O'Driscoll, Client Director, Computacenter

...which will help us achieve our aim of placing 99% of orders electronically.

Mark Forth, Head of IT Procurement, Inland Revenue

Using Computacenter, the Inland Revenue is moving towards total on-line procurement for all its IT, Telecoms and related services. Other services provided include cabling, configuration, installation and end-user training. The contract covers 70,000 users across 650 locations in the UK.



Inland Revenue & Computacenter



# Inland Revenue

Mark Forth from the Inland Revenue (left), in conversation with Computacenter's Kieran O'Driscoll.



Computacenter provides a centralised multilingual helpdesk and support centre service for Owens Corning, together with Europe-wide procurement management, asset management, integration, maintenance and onsite services. The contract covers more than 1,300 users in eight different countries.

Our helpdesk offers a single point of contact for all European end user IT issues, speaking to users in their own language...

Vincent Pearce, Business Development Manager, Computacenter

...for us that means improved user productivity and service levels, so we can concentrate on our business.

Mark Ashcroft, International Support Leader, Owens Corning



Owens Corning & Computacenter



# Owens Corning

Vincent Pearce of Computacenter (left), talking with Mark Ashcroft from Owens Corning.



To help the customer meet its aims of improved employee productivity and mobility, Computacenter, a BP services partner for over four years, is upgrading BP Worldwide's common operating environment. The project, which includes supply chain services and IT professional training, is one of the first, and largest, Windows 2000 deployments in Europe.



# BP Amoco

Our international partnership, ICG, allows us to offer consistent quality of service and pricing for over 40,000 BP personnel across 61 countries worldwide...

Paul Thomson, Account Manager, Computacenter

...giving us the platform we need to share information with our knowledge workers throughout the world.

Mike Bond, COE3 Logistics Manager, BP Amoco

## BP Amoco & Computacenter



Computacenter's Paul Thomson (left), talks with Mike Bond from BP Amoco.

**"Overall Group operating profit in the second half of 2000 was 14.6% ahead of the second half of 1999."**

**Turnover and profitability**

The results for the year once again represent record levels of turnover for the Group. Turnover grew by 12.9% to almost £2.0 billion with profits before tax reducing by 26.0% to £55.6m. However, excluding the impact of our e-commerce joint venture, Biomni, the reduction in pre-tax profits was 21.3%.

Operating profit reduced by 18.8% to £61.4m, representing 3.1% of sales, which is a reduction over last year's 4.3%. Operating profits were significantly affected by the Y2000 slow-down resulting in very low project implementation activity in the first half of the year.

These results do not reflect the significantly improved operating performance in the second half of 2000. The tables on page 21 list the revenues and operating profit by country for the four half year periods in 1999 and 2000 and show the impact of the millennium lock-down on the second half of 1999 and the first half of 2000.

Overall Group operating profit in the second half of 2000 was 14.6% ahead of the second half of 1999. In the UK, operating profits as a percentage of sales fell to 3.8% from the 5.1% in

1999. This was mainly due to the significant decrease in the utilisation of services staff during the first half of the year. Utilisation recovered substantially towards the end of the third quarter and remained high during the fourth quarter. Because salaries and other employment costs are fixed in the short term, periods of low utilisation result in a direct charge to the profit and loss account.

Following intense competitive activity in the first half of the year we also experienced a reduction in UK product margins (gross margin on product sales) of over 0.5%. We expect a similar reduction in 2001.

Despite these pressures, operating profit in the UK fell by only 14.1% due to the strong recovery in the second half and the significant scale economies enjoyed by the UK business. The adverse effect of Y2000 on product sales in the UK was less pronounced than in France or Germany due to the high growth enjoyed in our enterprise business. Enterprise system sales and services are less developed in France and Germany, leaving our operations in these markets more exposed to the full effects of the Y2000 lock-down.

In France and the Belux region the operating margin (operating profit as a percentage of sales) reduced to 0.4% of sales in 2000 from 2.0% of sales in 1999. The French business was impacted severely by the Y2000 slow-down, leading to significant losses in the first half. However business is traditionally much stronger in France in the second half and this was the case in 2000, with business showing a marked recovery over that period.

In Germany the operating loss as a percentage of sales increased from 4.0% in 1999 to 4.6% in 2000. Because our business in Germany is too small to compete effectively across a broad range of product fulfilment and service offerings, we have implemented changes to reduce the cost structure and increase our focus on higher growth enterprise products and related services. The German operating loss includes a restructuring charge of £0.4m related to these changes.

Our overseas subsidiaries accounted for 15.2% of Group turnover in 2000 compared to 17.0% in 1999. These operations contributed 2.1% of Group operating profit in 1999, changing to a loss of 3.5% in 2000.

**Earnings per share and dividends**  
Earnings per share reduced by 28.1% to 22.0p. On a diluted basis it reduced by 21.4% to 22.1p, excluding the results of the Biomni joint venture. It is our intention to recommend an unchanged dividend of 2.9p per share. Our dividend policy remains unchanged and we intend to return to a dividend pay-out ratio in the region of 10% of net profit attributable to shareholders when this equates to a dividend in excess of 2.9p. The dividend will be payable on May 23, 2001 to registered shareholders as of May 4, 2001.

**Cash flow and working capital**

The main elements of working capital were as follows:

	Dec 2000	Dec 1999	Change
Stock days	29	25	4
Debtor days	50	41	9
Creditor days	48	38	10

Stock days increased by 4 to 29, a more usual operating level, which included relatively high levels of stock allocated to customers for project implementations. Debtor days increased, particularly in the UK, partly due to the impact of very high sales in November and December in proportion to sales in the year as a whole. Calculated on the basis of most recent sales, Group debtor days were a more usual 45 days.

Creditor days at the year-end increased significantly from 38 days to 48 days. This was mainly due to the effect of high purchases in the fourth quarter relative to the year as a whole, but was also affected by a shift in the mix of our vendors and higher stockholding.

In 2000 the cash generated to operating profit ratio was in excess of 88%. This compared to 108% in 1999. At the end of 1999 revenues were low due to the Y2000 lock-down and we enjoyed a corresponding in-flow of cash from working capital. This reversed at the end of 2000 as revenues increased in the last quarter.

Cash generated from operations of £54.3m was sufficient to ensure that the Group's net cash position remained substantially positive at £13.4m,

despite significant capital expenditure, including £14.0m in respect of the Hatfield operations centre.

**Taxation**

The effective tax rate for the Group was 29.4% compared to 29.5% in 1999. We were able to maintain this rate despite the reduction in overseas operating profit. This was mainly due to the tax relief obtained on gifts by the Group to a Qualifying Employee Share Trust for the satisfaction of options granted under the Group's Sharesave scheme. As we do not currently anticipate any further gifts in 2001 we expect the tax rate to increase in 2001.

**Shareholder's funds**

The net assets of the Group increased during the year from £168.5m to £204.2m, due principally to retained profits of £33.9m.

**Acquisitions**

The Group made one small acquisition during the year, with operations in Belgium and Luxembourg, for a total consideration of £2.7m. This has increased the goodwill on the balance sheet to £6.2m. The goodwill acquired on acquisitions is being amortised over a period of 20 years, our estimate of the useful economic life. The acquisition increases the Group's project management capability and significantly enriches the service capabilities of our existing Belgian operations. Integration with the existing Belgian business was accomplished during the second half 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 occasionally enters into hedging transactions, principally forward exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. The Group's policy remains that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. Our policies for managing each of these risks is set out below.

**Interest rate risk**

The Group finances its operations through a mixture of retained profits, bank borrowings and bonds. The Group's bank borrowings and deposits are at floating rates whereas the bond, which was issued in 1995, is at a fixed rate of 10%. No interest rate derivative contracts have been entered into. We will continue to monitor this position to ensure that the interest rate profile is appropriate to the Group. The Group's policy is to keep long-term borrowings at fixed rates to manage the Group's exposure to interest rate fluctuations.

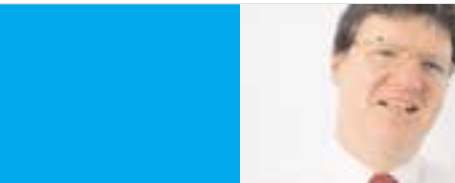
**Liquidity risk**

The Group's policy is to ensure that we have sufficient long-term funding and committed bank facilities in place to meet foreseeable peak borrowing requirements. At 31 December 2000 we had £47.3m of committed bank facilities with maturities of up to 1 year, of which 35.9% were drawn down. The Company has maintained fixed borrowings, which mature in November 2002, to ensure continuity of funding and to allow it to meet working capital requirements during the year.

**Foreign Currency risks**

The Group operates in the UK, France, Germany, Belgium and Luxembourg. The Group uses local borrowings to fund its operations in each of these countries. In each country the principal receipts and payments are denominated in local currency. A small proportion of the sales of the Group's UK businesses are to customers outside of the UK. These sales are priced in sterling but invoiced in the currencies of the customers involved. The Group's policy is to eliminate all material currency exposures on sales at the time of sale through forward currency contracts. All other sales of the UK businesses are denominated in sterling.

In certain circumstances the Group uses forward exchange contracts to hedge foreign currency exposures arising on forecast receipts and payments. In addition, the Group has entered into foreign currency swaps during the year to hedge against the exposure on fixed term loans made in foreign currencies.



Tony Conophy  
Finance Director

	1999		2000		Operating Profit Em	1999		2000	
	Half 1	Half 2	Half 1	Half 2		Half 1	Half 2	Half 1	Half 2
Revenue Em									
UK	763.0	697.5	799.5	887.0	UK	40.2	33.8	24.8	38.9
France & Belgium	109.4	118.4	92.7	134.5	France & Belgium	1.2	3.3	(1.6)	2.8
Germany	32.4	39.9	34.5	40.2	Germany	(0.7)	(2.2)	(1.8)	(1.7)
TOTALS	904.8	855.8	926.7	1061.7	TOTALS	40.7	34.9	21.4	40.0

Impact of millennium lock-down Half 1 1999 to Half 2 2000

Source: Computacenter plc

Computacenter's Board of Directors has a wealth of combined expertise. We were pleased to welcome Ron Sandler as a Director in May 2000.



### Executive Directors

#### Philip Hulme

Chairman, aged 52  
Philip Hulme graduated from Imperial College London with a first class engineering degree. In 1971 he won a Harkness Fellowship and entered the MBA programme at Harvard Business School. On graduating he joined the Boston Consulting Group, for whom he worked in the United States, South Africa and the UK, rising to Vice President and Director in 1979. He was appointed to head the London office in 1980. In 1981 he founded Computacenter with Peter Ogden, and has worked for the Company on a full-time basis since then.



#### Mike Norris

Chief Executive, aged 39  
Mike Norris graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter's top national account manager. Following appointments as Regional Manager for London operations in 1988 and General Manager of the Systems Division in 1992 with full national sales and marketing responsibilities, he became Chief Executive in December 1994 with responsibility for all day-to-day activities and reporting channels across Computacenter.



#### Tony Conophy

Finance Director, aged 43  
Tony Conophy has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries PLC group. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996 he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Group Finance and Commercial Director.



### Non-Executive Directors

#### Ron Sandler

Aged 49  
Ron Sandler has a first class degree in engineering from Cambridge and an MBA from Stanford University. His early career was with Boston Consulting Group as a Vice President and Director, and as Chief Executive of Martin Bierbaum Group plc and Exco plc. He was Chief Executive of Lloyd's of London from 1995 until 1999, playing a key role in Lloyd's reconstruction, then Chief Operating Officer of NatWest Group until its acquisition by Royal Bank of Scotland. He is Chairman of Kyle Group Limited and joined the Board of Computacenter in May 2000.



#### Peter Ogden

Aged 45  
Peter Ogden founded Computacenter with Philip Hulme in 1981. He is Chairman of Computasoft, a Director of Omnia Limited, a Non-Executive Director of Abbey National plc and a Non-Executive Director of Psion plc.

#### Rod Richards

Aged 45  
Rod Richards has been a Director of F&C Ventures since 1988, is a Non-Executive Director of PSD Group PLC and has served on the Boards of a number of private companies.



#### Adrian Beecroft

Aged 53  
Adrian Beecroft has been Chairman of the Operating Committee of Apax Partners & Co. Ventures Limited since 1990. He is also a Non-Executive Director of Alkane plc and of Riversoft plc and has served on the Boards of a number of private and public companies.

## Corporate governance statement

The Company is committed to high standards of Corporate Governance and has continuously reviewed compliance with best practice.

### 1 Statement by the Directors on Compliance with the Provisions of the Combined Code

The Company has been in full compliance with the provisions set out in section one of the Combined Code. In the opinion of the Directors, the Group has operated procedures to identify, evaluate, and manage significant risks faced by the Group throughout the year, and up to the date of approval of the Annual Report and Accounts, in accordance with the provisions of the Combined Code. Reference is made to information contained elsewhere in the Annual Report as appropriate.

### 2 Board of Directors

The Board of Directors comprises three Executive Directors and four Non-Executive Directors, three of whom, Rod Richards, Adrian Beecroft and Ron Sandler, are independent. Their biographies appear on pages 22 and 23. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of performance and strategy that have contributed to the success of the Group. The Board is responsible for overall Group strategy. A statement of the Directors' responsibilities in respect of the accounts is given on page 29. A formal schedule of matters is specifically reserved to the Board for decision.

There were six scheduled Board meetings during 2000 and other meetings were held as necessary. All Directors have access to the advice and services of the Company Secretary, Alan Pottinger, who is responsible for ensuring Board procedures are followed and that the applicable rules and regulations are complied with. To enable the Board to discharge its duties, all Directors receive appropriate and timely information.

There is a clear division of responsibilities between the running of the Board and the running of the Group's day-to-day business. The Chairman is responsible for the running of the Board, and the Chief Executive is responsible for the running of the Group's day-to-day business. No individual has unfettered powers of decision.

There is a procedure agreed by the Board for Directors in furtherance of their duties to take independent professional advice, if necessary, at the Company's expense.

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

One third of the Directors in office at the date of the AGM notice are required to retire by rotation. In accordance with the provisions of the Combined Code, each of the retiring Directors will be subject to election by the shareholders at the forthcoming AGM.

Certain Board duties are delegated to the Committees of the Board, whose responsibilities and composition are set out below.

#### Nomination Committee

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

#### Remuneration Committee

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

#### Audit Committee

The Audit Committee comprises Rod Richards as Chairman, Ron Sandler, Adrian Beecroft and Peter Ogden. The role of the Committee is to review a wide range of matters including the Group's annual and interim financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcements regarding financial information to be made public. The Committee advises the Board on the appointment and remuneration of the external auditors and discusses the nature, scope and results of the audit with the external auditors. The Audit Committee keeps under review the cost effectiveness, independence and objectivity of the external auditors. In addition, the Committee reviews reports presented by the internal auditors regarding significant operational risks and controls.

#### 3 Directors' Remuneration

The principles and details of Directors' remuneration are contained in the Report of the Remuneration Committee on pages 26 and 27.

#### 4 Relations with Shareholders

Communications with shareholders are given a high priority. There is a regular dialogue with institutional shareholders including presentations after the Company's interim and preliminary results announcements. In addition to mandatory information, a full and balanced explanation of the business of all general meetings is sent to shareholders. Shareholders are also encouraged to view the Group's web site, which includes the share price as well as dedicated pages on case studies, news and financial information.

The Chairman of the Board aims to ensure that the Chairmen of the Audit, Remuneration and Nominations Committees are available at the AGM to answer the questions of private and institutional investors. Details of the resolutions to be proposed at the AGM on 10 May 2001 can be found in the Notice of Meeting enclosed with this report.

#### 5 Accountability and Audit

The Board is responsible for the Group's system of internal control and reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable and not absolute assurance against any material misstatement or loss.

The system of internal control is designed to continuously identify, evaluate and manage significant risks faced by the Group. Key elements of this system are as follows:

#### Management Structure

The Board has overall responsibility for making significant strategic decisions. The Executive Directors together with a number of Executives constitute the Management Committee, which meets on a regular basis to discuss day-to-day operational matters. A flat reporting structure is maintained across the Group with clearly defined responsibilities for operational and financial management.

#### Control Environment

The Group operates authorisation and approval processes, which are an integral part of its operations. Access controls exist where processes have been automated to ensure the security of data.

Management information systems have been developed both to identify risks, and to enable assessment of the effectiveness of the system of internal control. The concept of empowerment has reinforced accountability by linking staff incentives to customer satisfaction and profitability, and encourages further scrutiny of costs and revenues.

#### Budgetary Process

A comprehensive budgetary process is completed on an annual basis and is subject to approval by the Board. Performance is monitored through a rigorous and detailed reporting system from which monthly results are compared to budgets. The results and explanations for variances are frequently reported to the Board. Appropriate action is taken where variances arise.

#### Risk Management

Specialist departments monitor developments and ensure compliance with legislation and regulatory requirements. Resources have been dedicated to managing the risk of disaster through insurance and continuous disaster recovery planning. During the year investment in this area grew, with further investment planned in 2001.

#### Capital Expenditure and Investments

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

#### Centralised Treasury Function

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

#### Quality and Integrity of Staff

The suitability of staff is determined through rigorous recruitment procedures. Management continuously monitor training requirements, and annual appraisal procedures are established to ensure that required standards of performance are maintained. Resource requirements are identified by managers and reviewed by the Management Committee.

#### 5 Board Review of Internal Control

The effectiveness of the system of internal control is reviewed by the Board on an ongoing basis, specifically through the work of the Internal Audit function, which was established early in 1999. The Board has operated a process to satisfy itself that the system of internal control is effective and appropriately manages the risks faced by the business. This process includes:

- Consideration of regular reports presented by internal audit, external audit, and operational management
- Regular review of financial reports and information
- Consideration of actions taken by management to address any issues identified
- Consideration of the results of reviews on company risk and control

The Board, acting through the Audit Committee, has directed the work of the Internal Audit function towards those areas of the business which are considered to be higher risk, and a three year rolling audit programme has been developed to ensure that all significant areas of the business will be independently reviewed within the three year period. This programme is continually reviewed to ensure that new information is incorporated into the programme. During the year the Internal Audit department has carried out a number of reviews of specific areas of the business and the findings of the review have been reported to the Audit Committee, independently of the Executive Directors. The effectiveness of the Internal Audit department is reviewed by the Audit Committee annually.

In addition to this rolling programme of internal audit work, the Board has conducted an annual review of the effectiveness of the system of internal control by reviewing specific risks with a number of representative managers across the Group, and ensuring that each specific risk identified is being appropriately managed to the satisfaction of the Board. This review process has been facilitated by the Internal Audit department. The review was updated on an ongoing basis on a risk register, which was presented to the Audit Committee in summary to consider the effectiveness of the risk management process, and report on matters of risk and control to the Board.

The Board is satisfied that all matters raised by the external auditors are being appropriately addressed and that the Audit Committee will continue to monitor the issues raised.



Philip Hulme, Chairman



## Report of the Remuneration Committee

### Composition

The Remuneration Committee is chaired by Adrian Beecroft and its other member is Rod Richards. Peter Ogden is a non-voting special advisor to the Committee.

### Objective

The Committee's objective is to review the Group's general policy on executive remuneration and to ensure that overall remuneration packages for Executive Directors are competitive and sufficient to attract, retain and motivate high quality executives capable of achieving the Group's objectives.

### Remuneration of Executive Directors

Salaries and benefits are reviewed annually to ensure they are supportive of the Group's business objectives, taking into account information from comparable companies where relevant. The components of the remuneration package are discussed below:

#### Basic salary and benefit

The basic salary for each Executive Director was set at a meeting of the Remuneration Committee on 8 March 2000. Benefits principally comprise a company car. The values shown for the benefits in kind in the table of Directors' emoluments below are the amounts assessable to income tax for each Director.

#### Annual performance bonus

Mr Norris and Mr Conophy have discretionary bonus schemes which are linked to the performance of the Group. For 2000, the maximum that could have been awarded was £192,500 (1999: £150,000) and £120,000 (1999: £100,000) respectively. The actual bonuses awarded were £64,000 (1999: £175,000) to Mr Norris and £40,000 (1999: £110,000) to Mr Conophy.

#### Share options

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

#### Pension

Mr Norris and Mr Conophy are entitled to a maximum annual pension contribution of £2,500 each under the arrangements of the Computacenter Pension Scheme, a defined contribution scheme which is available to all UK employees. The arrangements of the scheme also allow all employees to make salary sacrifices which the company will contribute to the pension scheme. Any Company contribution in excess of the annual limit of £2,500 represents the amount of salary sacrificed by the individual.

#### Fees

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

### Directors' remuneration

The remuneration of the Directors in the year ended 31 December 2000 was as follows:

	Basic salary and fees	Benefits in kind	Performance related bonuses	Pension contributions	Total 2000	Total 1999
	£	£	£	£	£	£
<b>Executive Directors</b>						
PW Hulme (7)	240,000	6,879	-	-	246,879	277,014
MJ Norris	384,995	22,968	64,000	2,500	474,463	549,192
FA Conophy	205,500	7,090	40,000	41,567	294,157	342,885
<b>Non-Executive Directors</b>						
PJ Ogden	30,000	-	-	1,500	31,500	30,000
PAB Beecroft <sup>(1)</sup>	30,000	-	-	-	30,000	30,000
RL Richards <sup>(2)</sup>	30,000	-	-	-	30,000	30,000
RA Sandler <sup>(3)</sup>	116,014	-	-	-	116,014	-
<b>Total</b>	<b>1,036,509</b>	<b>36,937</b>	<b>104,000</b>	<b>45,567</b>	<b>1,223,013</b>	<b>1,259,091</b>

(1) Mr Beecroft's fees of £30,000 were paid to Apex Partners & Co Ventures Limited, his employer.

(2) Mr Richards's fees of £30,000 were paid to FAC Ventures Limited, his employer.

(3) Mr Sandler's fees and expenses were paid to Sandler Rental Associates Limited, a company through which Mr Sandler's services were made available.

Aggregate gains realised on the exercise of share options by Directors was £8,989,000 (1999: £2,750,000).

Aggregate pension contributions for 2000 were £45,567 (1999: £5,000).

### Interests in options

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

	Exercise price	Exercise dates	At 1 January 2000 (or date of appointment)	Granted during the year	Exercised during the year (or since appointment) <sup>(1)</sup>	Lapsed	At 31 December 2000
<b>Executive Directors</b>							
PW Hulme (7)	25.00p	1/1/00 – 8/4/03	(1) 1,600,000	-	-	-	1,600,000
MJ Norris (7)	25.00p	1/1/00 – 16/4/00	(2) 500,000	-	(500,000)	-	-
	25.00p	1/1/00 – 9/5/01	(2) 300,000	-	(300,000)	-	-
	25.00p	1/1/00 – 8/4/03	(1) 400,000	-	(100,000)	-	300,000
	41.25p	1/1/00 – 8/4/06	(4) 400,000	-	-	-	400,000
	160.00p	1/7/01 – 30/7/07	(4) 250,000	-	-	-	250,000
	565.00p	6/5/02 – 4/5/09	(5) 30,973	-	-	-	30,973
	610.00p	20/5/01 – 20/5/03	(5) 49,180	-	-	(49,180)	-
	670.00p*	30/7/03	(6) 2,574	-	-	-	2,574
	942.50p*	25/4/03 – 24/4/10	(5)	20,424	-	-	20,424
			<b>1,932,727</b>	<b>20,424</b>	<b>(900,000)</b>	<b>(49,180)</b>	<b>1,003,971</b>
<b>FA Conophy (7)</b>	41.25p	1/1/00 – 8/4/06	(4) 200,000	-	-	-	200,000
	160.00p	1/1/00 – 30/7/07	(4) 150,000	-	(150,000)	-	-
	565.00p	6/5/02 – 4/5/09	(5) 19,468	-	-	-	19,468
	610.00p	20/5/01 – 20/5/03	(5) 32,787	-	-	(32,787)	-
	670.00p*	30/7/03	(6) 2,574	-	-	-	2,574
	942.50p*	25/4/03 – 24/4/10	(5)	12,732	-	-	12,732
			<b>404,829</b>	<b>12,732</b>	<b>(150,000)</b>	<b>(32,787)</b>	<b>234,774</b>
<b>Non-Executive Directors</b>							
PJ Ogden	25.00p	1/1/00 – 8/4/03	(1) 1,600,000	-	-	-	1,600,000
PAB Beecroft	-	-	-	-	-	-	-
RL Richards	-	-	-	-	-	-	-
RA Sandler (7)	-	-	-	-	-	-	-

(1) Issued under the terms of the Computacenter Services Group plc Unapproved Executive Share Option Scheme.

(2) Issued under the terms of the Computacenter Limited Executive Share Option Scheme.

(3) Mr NJ Norris exercised 900,000 share options in April 2000 and sold 100,000 of them for £10.10 each. FA Conophy exercised 150,000 share options in September 2000.

(4) Issued under the terms of the Computacenter Services Group plc Approved Executive Share Option Scheme.

(5) Issued under the terms of the Computacenter Performance Related Share Option Scheme. The options granted on 20 May 1998 were exercisable on the condition that the average annual compound growth in the Group's earnings per share was at least equivalent to 20% during the three year period commencing 1 January 1998. This condition was not met, therefore the options lapsed. The options granted on 1 April 1999 and 25 April 2000 are exercisable on the condition that the average annual compound growth in the Group's earnings per share would be at least 5% above the RPI for the three year period commencing 1 January 1999 and 1 January 2000 respectively.

(6) Issued under the terms of the Computacenter Sharesave Scheme which is available to all employees and full time Executive Directors of the Group.

(7) On 20 March 2001 the following Directors were granted share options: Mr RA Sandler was granted 500,000 shares of which 150,000 are exercisable after three years, 150,000 are exercisable after four years and 200,000 are exercisable after five years. Mr MJ Norris was granted 5,721 share options and Mr FA Conophy 35,982 share options, both of which are exercisable after three years. The share options for Mr Norris and Mr Conophy become exercisable if the average compound growth in the Group's fully diluted earnings per share, compared to the base year of 2000, is at least equal to RPI plus 5% in any of the three, four or five year periods up to and including 2003, 2004 or 2005 respectively.

The market value of the amounts of 500,000, 300,000 and 100,000 options exercised by Mr Norris were £4,517,500, £2,710,500 and £1,040,000, respectively, on the date of exercise. The market value of the amount of £150,000 shares exercised by Mr Conophy was £555,000 on the date of exercise. The market price of the shares at 31 December 2000 was £3.35, the highest and lowest trading prices during the year were £15.025 and £3.05 respectively.

### Service contracts and rotation

Non-Executive Directors are appointed for specified terms, subject to re-election and to Company's Act provisions relating to the removal of a Director. The Director retiring by rotation is PJ Ogden, who being eligible, offers himself for re-election. RA Sandler, having been appointed since the last General Meeting, offers himself for election. None of the Directors proposed for re-election at the forthcoming Annual General Meeting have service contracts with notice periods, at the date of this report, of one year or more.

**PAB Beecroft**, Chairman of the Remuneration Committee  
22 March 2001

## Directors' report

The Directors present their report and the audited accounts of the Group for the year ended 31 December 2000.

### Principal activities

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

### Review of the business

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

### Directors' interests

#### Interest in Shares

The interests of the Directors in the share capital of the Group are set out below. The interests of the Directors in options to acquire ordinary shares are included in the Report of the Remuneration Committee.

	At 31 December 2000		At 1 January 2000	
	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>				
PW Hulme	31,190,057	10,872,707	31,190,017	9,872,707
MJ Norris	1,677,354	-	877,314	-
FA Conophy	1,562,388	-	1,012,718	-
<b>Non-Executive Directors</b>				
PJ Ogden	42,162,724	25,000	42,062,724	25,000
PAB Beecroft	149,783	-	149,783	-
RL Richards	7,500	-	7,500	-
RA Sandler	75,000	-	-	-

Mr Richards participates in an incentive scheme operated by his employer, F & C Ventures Limited, and accordingly has an interest in the performance of the ordinary shares held by Foreign & Colonial Enterprise Trust.

Since 31 December 2000 PAB Beecroft has gifted 37,878 shares to a charitable trust for nil consideration.

### Major interests in shares

In addition to the interests of the Directors, which are disclosed above, at 22 March 2001 FMR Corp and its direct and indirect subsidiaries together with Fidelity International Limited and its direct and indirect subsidiaries held 7,857,914 ordinary shares of 5p each (4.27% of the ordinary share capital). No other person has notified an interest in the ordinary shares of the Group required to be disclosed to the Group in accordance with Sections 198-208 of the Companies Act 1985.

### Results and dividends

The Group's activities resulted in a profit before tax of £55,571,000 (1999: £75,136,000). The Group profit for the year available to shareholders amounted to £39,237,000 (1999: £52,963,000). The Directors propose a dividend for the year of £5,269,000 (1999: £5,291,000).

### Directors

The Directors who served during the year ended 31 December 2000 are listed on pages 22 and 23.

### Going concern

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

### Employee share schemes

The Group operates executive share option schemes for the benefit of employees. As at 31 December 2000, options under the schemes to purchase shares of the Group have been granted to certain employees in respect of 11,186,983 (1999: 11,610,804) ordinary shares of 5p each. 2,536,886 ordinary share options were exercised during the year.

In addition, the Group continued to operate a Sharesave scheme for the benefit of employees. As at 31 December 2000 options under the schemes to purchase shares of the Group have been granted in respect of 1,348,350 (1999: 2,197,674) ordinary shares.

Options have been granted to Executive Directors in respect of 165,564 ordinary shares of 5p each under the terms of the Computacenter Performance Related Share Option Scheme, which are subject to certain performance criteria as set out in the Report of the Remuneration Committee.

### Employee involvement

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

### Equal opportunities

The Group is committed to equal opportunities. No employee or potential employee receives less favourable treatment or consideration on grounds of race, colour, religion, nationality, ethnic origin, sex, disability or marital status. To this end the Group has an Equal Opportunities Policy. This demonstrates the Group's commitment to make full use of the talents and resources of all its employees and to provide a healthy environment which will encourage good and productive working relationships within the organisation.

### European monetary union

The Group has continued to monitor and consider the impact to the business of the Euro and we still do not expect the costs associated with its implementation to be significant. Internal systems for our businesses within the "Eurozone" will be modified as necessary to meet business requirements.

### Charitable donations

The Group has made charitable donations during the year amounting to £156,321 (1999: £187,899).

### Statement of Directors' responsibilities in respect of the accounts

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group or Company will continue in business

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

### Auditors

Ernst & Young has expressed its willingness to continue in office as auditor and a resolution proposing its reappointment will be submitted at the Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board

AJ Pottinger, Secretary  
22 March 2001

## Report of the auditors

### To the members of Computacenter plc

We have audited the accounts on pages 31 to 50 which have been prepared under the historical cost convention and the accounting policies set out on page 35.

### Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the annual report. As described on page 29, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the corporate governance statement on pages 24 and 25 reflects the Group's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the Group's corporate governance procedures or its risk and control procedures.

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

### Basis of audit opinion

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

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

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### Ernst & Young

Registered Auditor  
Reading  
22 March 2001

## Group profit and loss account

		2000	1999
	Note	£'000	£'000
For the year ended 31 December 2000			
<b>Turnover</b>			
Turnover: group and share of joint ventures turnover		1,990,620	1,760,628
Less: share of joint ventures turnover		(2,173)	-
<b>Group turnover</b>	2	1,988,447	1,760,628
<b>Operating costs</b>	3	(1,927,040)	(1,685,016)
<b>Group operating profit</b>	4	61,407	75,612
Share of operating loss in joint ventures		(3,551)	-
Share of operating profit of associate		90	-
<b>Total operating profit: Group and share of associate and joint venture</b>		57,946	75,612
Interest receivable and similar income	6	6,343	7,238
Interest payable and similar charges	7	(8,718)	(7,714)
<b>Profit on ordinary activities before taxation</b>		55,571	75,136
Tax on profit on ordinary activities	8	(16,348)	(22,125)
<b>Profit on ordinary activities after taxation</b>		39,223	53,011
Minority interests – equity		14	(48)
<b>Profit attributable to members of the parent Company</b>		39,237	52,963
Dividends – ordinary dividends on equity shares	9	(5,269)	(5,291)
<b>Retained profit for the year</b>		33,968	47,672
Earnings per share			
– Basic		22.0p	30.6p
– Diluted		20.8p	28.1p
Diluted (Excluding impact of joint venture)		22.1p	28.1p
Dividends per ordinary share		2.9p	2.9p

## Group statement of total recognised gains and losses

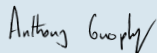
		2000	1999
	Note	£'000	£'000
For the year ended 31 December 2000			
<b>Profit for the financial year excluding share of joint venture and associate</b>		41,633	52,963
Share of joint venture's loss for the year		(2,486)	-
Share of associates profit for the year		90	-
<b>Profit attributable to members of the parent Company for the financial year</b>		39,237	52,963
Exchange differences on retranslation of net assets of associated and subsidiary undertakings		(75)	(2,029)
<b>Total recognised gains for the year</b>		39,162	50,934

## Group balance sheet

At 31 December 2000	Note	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Intangible assets	11	6,227	3,756
Tangible assets	12	109,402	96,647
Investments	13	11,825	2,815
		<b>127,454</b>	103,218
<b>Current assets</b>			
Stocks	14	119,563	92,884
Debtors	15	339,623	244,177
Cash at bank and in hand		71,647	63,688
		530,833	400,749
Creditors: amounts falling due within one year	16	(410,095)	(292,753)
<b>Net current assets</b>		<b>120,738</b>	107,996
<b>Total assets less current liabilities</b>		<b>248,192</b>	211,214
Creditors: amounts falling due after more than one year	17	(39,504)	(41,008)
<b>Provision of joint venture deficit</b>	19		
Share of gross assets		3,455	-
Share of gross liabilities		(5,923)	-
		(2,468)	-
<b>Provision for liabilities and charges</b>	19	(1,983)	(1,736)
<b>Total assets less liabilities</b>		<b>204,237</b>	168,470
<b>Capital and reserves</b>			
Called up share capital	20	9,201	9,043
Share premium account	21	67,568	57,055
Profit and loss account	21	127,304	102,194
Shareholders' funds – equity		204,073	168,292
Minority interests – equity		164	178
		<b>204,237</b>	168,470

Approved by the Board on 22 March 2001

FA Conophy, Finance Director



MJ Norris, Chief Executive




## Company balance sheet

At 31 December 2000	Note	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Tangible assets	12	41,293	52,958
Investments	13	140,884	133,515
		<b>182,177</b>	186,473
<b>Current assets</b>			
Debtors	15	8,837	147
Cash at bank and in hand		106	46
		8,943	193
Creditors: Amounts falling due within one year	16	(7,349)	(11,874)
<b>Net current (liabilities)/assets</b>		<b>1,594</b>	(11,681)
<b>Total assets less current liabilities</b>		<b>183,771</b>	174,792
Creditors: Amounts falling due after more than one year	17	(48,089)	(47,875)
<b>Provision for liabilities and charges</b>		<b>(1,927)</b>	(1,736)
<b>Total assets less liabilities</b>		<b>133,755</b>	125,181
<b>Capital and reserves</b>			
Called up share capital	20	9,201	9,043
Share premium account	21	67,568	57,055
Merger reserve	21	55,990	55,990
Profit and loss account	21	996	3,093
Shareholders' funds – equity		133,755	125,181

Approved by the Board on 22 March 2001

FA Conophy, Finance Director



MJ Norris, Chief Executive



## Group statement of cash flows

	Note	2000 £'000	1999 £'000
For the year ended 31 December 2000			
Cash inflow from operating activities	22	54,277	81,924
Returns on investments and servicing of finance	23	(2,164)	(262)
<b>Taxation</b>			
Corporation tax paid		(19,625)	(25,284)
Capital expenditure and financial investment	23	(35,983)	(49,778)
Acquisitions and disposals	23	(702)	(3,806)
Equity dividends paid		(5,229)	(4,482)
Cash outflow before financing		(9,426)	(1,688)
<b>Financing</b>			
Issue of shares	23	1,895	2,470
Decrease in debt	23	(1,500)	(2,217)
<b>Decrease in cash in the year</b>		<b>(9,031)</b>	<b>(1,435)</b>

## Reconciliation of net cash flow to movement in net funds

	Note	2000 £'000	1999 £'000
For the year ended 31 December 2000			
<b>Net funds at 1 January 2000</b>		<b>21,152</b>	<b>21,126</b>
Increase in cash in the year		(9,031)	(1,435)
Cash outflow from repayment of debt and lease finance		1,500	2,217
Change in net cash resulting from cash flows		(7,531)	782
Amortisation of debt issue costs		(214)	(214)
Increase in debt on acquisition of subsidiary		-	(542)
<b>Net funds at 31 December 2000</b>		<b>13,407</b>	<b>21,152</b>

## Notes to the accounts

### 1 Accounting policies

#### Basis of preparation

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

#### Basis of consolidation

These Group accounts consolidate the accounts of Computacenter plc and all of its subsidiary undertakings for the period drawn up to 31 December each year. No profit and loss account is presented for Computacenter plc as permitted by section 230 of the Companies Act 1985. The profit for the year for Computacenter plc was £3,172,000 (1999: £7,661,000).

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

Undertakings which the Group jointly controls with other entities are accounted for as joint ventures. The Group accounts include the appropriate share of those undertakings' results, and the appropriate share of the gross assets and liabilities of those undertakings.

#### Depreciation of tangible fixed assets

The Group has implemented FRS15 Tangible Fixed Assets for the first time this year. Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

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

#### Investments

Fixed asset investments are shown at cost less provision for impairment.

#### Leases

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

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

#### Stocks

Stocks are valued at the lower of average cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable

value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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

#### Deferred taxation

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

#### Goodwill

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

Goodwill arising on acquisitions since 1 January 1998 has been capitalised, classified as an intangible asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Pensions

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

#### Foreign currencies

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.

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

#### Financial instruments

A discussion of how the Group manages its financial risks is included in the Finance Director's review on pages 20 and 21.

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies. The current Group policy is to revalue material forward contracts to the rates of exchange at the contract rate, and any unrealised gains and losses arising on revaluation are included in other debtors/other creditors.

These forward contracts are revalued to the rates of exchange at the balance sheet date and any unrealised gains and losses arising on revaluation are included in other debtors/other creditors. At maturity, gains or losses are taken to the profit and loss account.

The Group has decided not to include short-term debtors and creditors within the numerical disclosures, as permitted under FRS13.

## Notes to the accounts

### 1 Accounting policies continued

#### Capital instruments

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

### 2 Turnover and segmental analysis

The Group operates in one principal activity, that of the provision of distributed information technology and related services. Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of VAT.

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

	2000 £'000	1999 £'000
<b>Turnover by destination</b>		
UK	1,668,931	1,448,805
France, Belgium & Luxembourg	225,311	226,640
Germany	77,639	77,164
Rest of the World	16,566	8,019
<b>Total</b>	<b>1,988,447</b>	<b>1,760,628</b>

	2000 £'000	1999 £'000
<b>Turnover by origin</b>		
UK	1,686,538	1,460,523
France, Belgium & Luxembourg	227,210	227,789
Germany	74,699	72,316
<b>Total</b>	<b>1,988,447</b>	<b>1,760,628</b>

	2000 £'000	1999 £'000
<b>Operating profit</b>		
UK	63,661	74,028
France, Belgium & Luxembourg	1,215	4,453
Germany	(3,469)	(2,869)
<b>Total Group excluding associate &amp; joint venture undertakings</b>	<b>61,407</b>	<b>75,612</b>
Share of operating result of associates and joint venture	(3,461)	–
<b>Total operating profit</b>	<b>57,946</b>	<b>75,612</b>

All turnover and operating profit relates to continuing operations.

	2000 £'000	1999 £'000
<b>Net assets employed</b>		
UK	178,524	134,923
France, Belgium & Luxembourg	9,837	11,249
Germany	2,244	6,111
Sub-total	190,605	152,283
<i>Net assets of associated undertaking</i>		
– UK	75	75
– Rest of the World	150	60
<b>Net assets employed</b>	<b>190,830</b>	<b>152,418</b>
Net funds	13,407	21,152
<b>Net assets</b>	<b>204,237</b>	<b>173,570</b>

### 3 Operating costs

	2000 £'000	1999 £'000
(Increase)/Decrease in stocks of finished goods	(26,679)	16,969
Goods for resale and consumables	1,586,023	1,322,101
Staff costs (note 5)	222,454	205,366
Depreciation and other amounts written off tangible and intangible assets	13,465	12,407
Other operating charges	131,777	128,173
	<b>1,927,040</b>	<b>1,685,016</b>

### 4 Operating profit

	2000 £'000	1999 £'000
<b>This is stated after charging:</b>		
Auditors' remuneration – audit services – UK	155	128
– audit services – overseas	48	32
– non-audit services – UK	64	91
Depreciation of owned assets	13,202	12,155
Depreciation of assets held under finance		
Leases and hire purchase contracts	8	190
Operating lease rentals – plant & machinery	7,855	7,579
– land & buildings	8,059	9,273
Amortisation of intangible fixed assets	263	62
Rentals received under operating leases	102	–

### 5 Staff costs

	2000 £'000	1999 £'000
Wages and salaries	193,837	176,692
Social security costs	22,828	22,394
Other pension costs	5,789	6,280
	<b>222,454</b>	<b>205,366</b>

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

	2000	1999
UK	4,475	4,056
France	767	657
Germany	341	312
Belgium/Luxembourg	45	22
RDC	75	53
<b>Total</b>	<b>5,703</b>	<b>5,100</b>

Details of Directors' remuneration, pension entitlements and share options are disclosed in the Report of the Remuneration Committee on pages 26 and 27.

### 6 Other income

	2000 £'000	1999 £'000
Bank interest	6,343	7,154
Other interest receivable	–	84
	<b>6,343</b>	<b>7,238</b>

## Notes to the accounts

### 7 Interest payable and similar charges

	2000	1999
	£'000	£'000
Bank loans and overdraft	433	99
Other loans	8,284	7,613
Finance charges payable under finance leases and hire purchase contracts	1	2
	8,718	7,714

### 8 Tax on profit on ordinary activities

The charge based on the profit for the year comprises:

	2000	1999
	£'000	£'000
UK Corporation tax		
Current	17,118	21,424
Deferred tax	247	701
Foreign tax	48	-
	17,413	22,125
Share of joint venture's tax	(1,065)	-
	16,348	22,125

Tax losses have been surrendered by way of group relief to Computacenter (UK) Limited, which have paid the tax value for these losses.

### 9 Dividend

The Directors recommend the payment of a dividend of 2.9p per share (1999: 2.9p per share), representing an aggregate charge of £5,269,000 (1999: £5,291,000). The Computacenter ESOP trust has waived the dividends payable in respect of 1,427,042 (1999: 1,432,595) ordinary shares that it owns which are not allocated to employees. The Computacenter Trustees Limited have waived dividends in respect of 461,011 shares which it owns which are not allocated to employees and the Computacenter Quest ('Qualifying Employee Scheme Trust') has similarly waived dividends in respect of 1,109,143 shares that it owns. Accordingly dividends payable have been reduced by £87,000 (1999: £72,000) in total.

### 10 Earnings per share

The calculation of earnings per ordinary share is based on profit attributable to members of the holding Company of £39,237,000 (1999: £52,963,000) and on 177,952,000 (1999: 172,865,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year after excluding the shares owned by the Computacenter Employee Share Trust, Computacenter Trustees Limited and the Computacenter Quest.

The diluted earnings per share is based on the same earnings figure of £39,237,000 (1999: £52,963,000) and on 188,556,000 (1999: 188,366,000) ordinary shares, calculated as the basic weighted average number of ordinary shares, plus 10,604,000 (1999: 15,501,000) dilutive share options.

An additional earnings per share ratio of 22.1p was calculated to provide a better view of Group activities. This additional earnings per share ratio is based on earnings of £41,683,870, which excludes the joint venture loss (£3,550,500 and the related tax credit £1,065,150).

### 11 Goodwill

	£'000
<b>Cost</b>	
At 31 December 1999	3,818
Additions	2,731
Exchange adjustment	3
At 31 December 2000	6,552
<b>Amortisation</b>	
At 31 December 1999	62
Charge in the year	263
At 31 December 2000	325
<b>Net Book Value</b>	
At 31 December 2000	6,227
At 31 December 1999	3,756

The Company has depreciated its acquired goodwill on a straight line basis over a period of 20 years which is the estimated useful economic life. The Company will continue to review the estimated useful life of the goodwill acquired.

### 12 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold property and improvements £'000	Fixtures, fittings and equipment and vehicles £'000	Total £'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2000	56,633	8,276	76,558	141,467
On acquisition of subsidiary	-	-	195	195
Exchange adjustments	-	-	39	39
Additions	10,890	355	16,222	27,467
Disposals	(14)	(1,748)	(11,933)	(13,695)
At 31 December 2000	67,509	6,883	81,081	155,473
<b>Depreciation</b>				
At 1 January 2000	425	5,739	38,656	44,820
Exchange adjustments	-	-	14	14
Charge for year	1,029	592	11,581	13,202
Disposals	(1)	(1,613)	(10,351)	(11,965)
At 31 December 2000	1,453	4,718	39,900	46,071
<b>Net book amount</b>				
At 31 December 2000	66,056	2,165	41,181	109,402
At 31 December 1999	56,208	2,537	37,902	96,647

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

	2000	1999
	£'000	£'000
<b>Group</b>		
<b>Cost</b>		
Accumulated depreciation	-	1,224
Net book amount	-	8
Depreciation charge for the year	-	190

	Freehold land and buildings £'000	Fixtures, fittings and equipment and vehicles £'000	Total £'000
<b>Company</b>			
<b>Cost</b>			
At 1 January 2000	48,898	4,060	52,958
Additions	13,981	-	13,981
Transfer to subsidiary undertaking	(20,704)	(4,060)	(24,764)
At 31 December 2000	42,175	-	42,175
<b>Depreciation</b>			
At 1 January 2000	-	-	-
Charge	(882)	-	(882)
At 31 December 2000	(882)	-	(882)
<b>Net book amount</b>			
At 31 December 2000	41,293	-	41,293
At 31 December 1999	52,958	-	52,958

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

The fixed assets of the Company include the Hatfield Operations Centre. During the year the office complex was completed, and the amounts incurred on behalf of the tenant subsidiary undertaking, Computacenter (UK) Limited, were transferred to it. Depreciation has been provided on the office complex from 1 January 2000. Depreciation will be provided on the logistics facility from 1 January 2001.

## Notes to the accounts

### 13 Investments

	2000 £'000	1999 £'000
<b>Group</b>		
Loan to joint venture	4,477	
Associated undertakings (a)	225	135
Own Shares (b)	2,503	2,679
Other listed investments	4,620	1
	<b>11,825</b>	<b>2,815</b>

	Share of net tangible assets 2000 £'000
<b>(a) Associated undertakings</b>	
At 1 January 2000	135
Share of profits of associated undertakings	90
At 31 December 2000	225

The Group's share of post acquisition accumulated profits of associated undertakings at 31 December 2000 is £106,000 (1999: £16,000). The Group has received £974,245 (1999: £1,096,000) from the associated undertakings for the provision of administrative services and the reimbursement of costs incurred.

	2000 £'000
<b>(b) Own shares – at cost</b>	
<b>Cost</b>	
At 1 January 2000 and 31 December 2000	3,559
<b>Provided</b>	
At 1 January 2000	880
Charge	176
At 31 December 2000	1,056
<b>Net book value</b>	
At 31 December 2000	2,503
At 31 December 1999	2,679

Own shares comprise the following:

#### *i) Computacenter Employee Share Ownership Plan*

2,578,042 (1999: 3,333,595) 5p ordinary shares purchased by a third party on behalf of the Computacenter Employee Share Ownership Plan ("the Plan"). All shares held by the trust are funded by a bank loan guaranteed by Computacenter (UK) Limited (see note 18). The market value of the investment in own shares at 31 December 2000 was £8,636,441.

During the year, there were no shares awarded (1999: Nil) to the executives of Computacenter (UK) Limited under the Computacenter Limited Cash Bonus and Share Plan. Shares previously awarded are held on behalf of employees and former employees of Computacenter (UK) Limited and their dependants, excluding Jersey residents. The distribution of these shares is dependent upon the Trustee holding them on the employee's behalf for a restrictive period of three years.

All costs incurred by the Plan are settled directly by the Group and are charged in the accounts as incurred. The Plan has waived dividends payable in respect of 1,427,042 shares that it owns which are not allocated to employees. Any dividends received by the Plan in respect of shares allocated to the beneficiaries would be paid in full to them.

#### *ii) Computacenter Qualifying Employee Share Trust ("the QUEST")*

1,109,143 (1999: 497,560) 5p ordinary shares subscribed by the QUEST with a gift from a Group company; the shares will be used to fulfil the Company's obligations under the Computacenter Sharesave Schemes. All of these shares are held by the QUEST until such time as the options will be exercised. The market value at 31 December 2000 was £3,715,629. The QUEST has waived dividends in respect of all these shares.

#### *iii) Computacenter Trustees Limited*

During the year, shares held by Computacenter Trustees Limited were allocated to employees of the Group under the Computacenter Bonus Plus Share plan. The total shares held are 461,011 (1999: 569,307). The market value at 31 December 2000 was £1,544,387.

### 13 Investments continued

The Company has waived dividends in respect of all of these shares.

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Shares in associated undertaking £'000	Other listed investments £'000	Shares in Joint Ventures £'000	Total £'000
<b>Company</b>						
<b>Cost</b>						
At 1 January 2000	132,801	3,668	75	1	-	136,545
Additions	2,728	-	-	4,616	25	7,369
At 31 December 2000	135,529	3,668	75	4,617	25	143,914
<b>Amounts provided</b>						
At 1 January 2000	-	(3,030)	-	-	-	(3,030)
During the year	-	-	-	-	-	-
At 31 December 2000	-	(3,030)	-	-	-	(3,030)
<b>Net Book Value</b>						
At 31 December 2000	135,529	638	75	4,617	25	140,884
At 31 December 1999	132,801	638	75	1	-	133,515

Details of the principal investments at 31 December 2000 in which the Group or the Company holds more than 20% of the nominal value of ordinary share capital are as follows:

Subsidiary and associated undertakings	Country of registration	Nature of business	Proportion held
Computacenter (UK) Limited	England	IT infrastructure services	100%
Computacenter France SA	France	IT infrastructure services	98.3%
Computacenter GmbH	Germany	IT infrastructure services	100%
Computacenter NV/SA	Belgium	IT infrastructure services	100%
RD Trading Limited	England	IT asset management	100%*
Computacenter NV	Luxembourg	IT infrastructure services	100%
ICG International	Netherlands	Non trading	64.3%*
Computer Group BV			
Blomni Limited	England	Software development	50%
ICG Services Limited	England	International IT infrastructure services	37.5%

\* Includes indirect holdings of 32.4% via Computacenter (UK) Limited and 31.9% via Computacenter France SA.

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

The Company has not disclosed the details for undertakings which are dormant as disclosure would result in a statement of excessive length.

During the year the Group acquired one subsidiary:

30 June 2000 – Computacenter Luxembourg (which acquired a part of the business of the Vanstar Corporation).

Consideration for this acquisition of £2,728,389 was paid in cash and goodwill has been capitalised and included in the balance sheet as an intangible asset. The investments have been included in the Group balance sheet at their fair values at the date of acquisition.



## Notes to the accounts

### 13 Investments continued

	Book value £'000	Fair value adjustments £'000	Fair value £'000
<b>Net assets on acquisition</b>			
Assets			
Intangible assets	190	(190)	-
Fixed assets	195	-	195
Debtors	317	-	317
Cash at bank	2,026	-	2,026
Liabilities	(274)	-	(274)
Other creditors	(2,267)	-	(2,267)
Net assets/(liabilities)	187	(190)	(3)
Goodwill	-	-	2,731
Cash consideration	-	-	2,728

The fair value adjustments of £190,000 relate to goodwill, which the Directors consider to be fully impaired.

At 31 December 2000, the market value of listed investments was £2,208,000.

### 14 Stocks

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Goods held for resale	119,563	92,884	-	-

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

### 15 Debtors: due within one year

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Trade debts factored without recourse				
Gross debts	508	742	-	-
Less non returnable proceeds	(78)	(187)	-	-
	430	555	-	-
Other trade debtors	317,058	231,629	-	-
Amount owed by subsidiary undertaking	-	-	8,710	14
Amounts owed by associated undertakings	-	245	-	-
Other debtors, prepayments and accrued income	22,135	11,748	127	133
	339,623	244,177	8,837	147

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

At the year end, the amounts owing and owed between the Group, the associate and the joint venture were as follows:

Joint Ventures – Loan £4,475,000.

Associated Undertakings – Intercompany debtor balance of £65,329.

### 16 Creditors: amounts falling due within one year

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Bank overdrafts	18,512	1,522	-	-
Loans (see note 18)	1,500	1,500	1,500	1,500
Trade creditors	236,742	163,360	-	-
Corporation tax	12,006	14,465	-	-
Other creditors including taxation and social security (a)	46,875	37,135	-	-
Amounts owed to subsidiary undertakings	-	-	-	4,609
Accruals	40,744	45,851	607	565
Deferred income on maintenance contracts	48,474	23,720	-	-
Dividend payable	5,242	5,200	5,242	5,200
	410,095	292,753	7,349	11,874

(a) Included within other creditors is £46,783,829 (1999: £28,089,000) in respect of taxation and social security balances.

### 17 Creditors: amounts falling due after more than one year

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Loans (see note 18)				
	38,228	39,514	37,902	39,188
Amounts owed to subsidiary undertakings	-	-	10,187	8,687
Other creditors	353	252	-	-
Deferred income on maintenance contracts	923	1,242	-	-
	39,504	41,008	48,089	47,875

### 18 Loans

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Loans comprise amounts:				
Wholly repayable within five years	40,139	41,639	50,000	50,000
Less: amounts owed to subsidiary undertakings	-	-	(10,187)	(8,687)
Less issue costs	(411)	(625)	(411)	(625)
	39,728	41,014	39,402	40,688
Less amounts due within one year	(1,500)	(1,500)	(1,500)	(1,500)
	38,228	39,514	37,902	39,188
Analysed as amounts due:				
Within one year	1,500	1,500	1,500	1,500
Between one and two years	38,313	1,500	48,500	1,500
Between two and five years	326	38,639	-	47,000
	40,139	41,639	50,000	50,000
Less issue costs	(411)	(625)	(411)	(625)
	39,728	41,014	49,589	49,375

#### Group and Company

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

For the Group, the amount repayable is reduced by £10,187,000 (1999: £8,687,000) for the par value of bonds purchased by Computacenter (UK) Limited since the issue of the bond.

During 1997 the Company entered into put and call options which may be exercised in November 2001 for the purchase of £1,500,000 of the bonds. Accordingly these bonds are included in debt repayable within one year.

The loan due between two and five years includes an amount of £326,000 borrowed to fund Executive Share Option Scheme.

## Notes to the accounts

### 19 Provisions for liabilities and charges

#### Provisions for joint venture deficit

	2000 Provided £'000	1999 Provided £'000
Share of loss retained by joint venture	2,468	-
At 31 December 2000	2,468	-

#### Deferred taxation

Deferred tax provided in the accounts is as follows:

	2000 Provided £'000	1999 Provided £'000
<i>Group and Company</i>		
Capital allowances in advance of depreciation	1,983	1,736
	1,983	1,736

There are no potential deferred tax liabilities that have not been provided for at 31 December 2000 (1999: nil).

### 20 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
<b>Equity</b>		
Ordinary shares of 5p each	25,000	25,000

	2000 No '000	2000 £'000	1999 No '000	1999 £'000
<i>Allotted, called up and fully paid</i>				
<b>Equity</b>				
Ordinary shares of 5p each	184,026	9,201	180,867	9,043

During the year the Company issued 611,583 5p ordinary shares with a nominal value of £30,579 and at an aggregate premium of £8,745,637 to the Computacenter QUEST (see note 13). The total consideration for these shares was £8,776,216, representing the market value on the day of issue of £14.35 per share, which was funded by a gift from a Group company.

### 20 Share capital continued

#### Options

##### Executive Share Option Scheme

During the year, options were exercised with respect to 2,536,886 (1999: 6,818,317) 5p ordinary shares, leading to 2,439,466 shares being issued at a nominal value of £127,377 (1999: £340,916) and at an aggregate premium of £1,767,289 (1999: £2,129,509), and the remaining 97,420 being satisfied by the transfer of ESOP shares. Under the executive share option schemes options remaining outstanding at the year end comprise:

	Exercise price	2000 Number outstanding	1999 Number outstanding
<i>Exercisable between</i>			
January 2000 – April 2000	25.00p	0	500,000
January 2000 – May 2001	25.00p	0	300,000
January 2000 – April 2002	25.00p	80,000	120,000
January 2000 – May 2003	28.75p	15,000	55,000
January 2000 – July 2004	32.50p	111,000	151,000
January 2000 – April 2003	25.00p	3,500,000	3,650,000
January 2000 – April 2006	41.25p	1,981,546	2,672,273
July 2000 – July 2007	160.00p	1,530,000	2,301,000
March 2001 – Mar 2008	300.00p	771,400	881,200
May 2002 – May 2008	565.00p	758,571	980,331
June 2003 – June 2010	377.50p	92,000	-
June 2004 – June 2010	377.50p	66,000	-
June 2005 – June 2010	377.50p	40,000	-
Sept 2003 – Sept 2010	380.00p	2,241,466	-
		11,186,983	11,610,804

During the year options in respect of 326,401 shares lapsed, 2,536,886 were exercised and 2,439,466 new options were granted.

##### Computacenter Sharesave Scheme

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

	Share price	Exercise date	Number
<i>Date of grant</i>			
August 1998	£6.70	August 2001	8,372
August 1998	£6.70	August 2003	12,098
September 1998	£4.25	September 2001	620,730
September 1998	£4.25	September 2003	481,082
September 1999	£5.65	September 2002	101,693
September 1999	£5.65	September 2004	48,764
September 2000	£4.35	September 2003	55,765
September 2000	£4.35	September 2005	19,846
			1,348,350

## Notes to the accounts

### 20 Share capital continued

#### Computacenter Performance Related Share Option Scheme

Under the Computacenter Performance Related Share Option scheme, options can be granted and those options will be subject to certain performance conditions, designed to produce significant and sustained improvements in the Company's underlying performance. During the year 33,156 options were granted and at 31 December 2000 these were outstanding as follows:

	Exercise price	2000 Number outstanding	1999 Number outstanding
<i>Exercisable between</i>			
May 2001 – May 2003	610.00p	-	81,967
May 2002 – May 2009	565.00p	50,441	50,441
April 2003 – April 2010	942.50p	33,156	-
		<b>83,597</b>	132,408

### 21 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
<i>Group</i>					
At 1 January 1999	8,678	49,850	-	62,144	120,672
Shares issued	365	7,205	-	-	7,570
Gift to QUEST	-	-	-	(5,100)	(5,100)
Total recognised gains in period	-	-	-	50,934	50,934
Goodwill written off	-	-	-	(493)	(493)
Equity Dividends proposed	-	-	-	(5,291)	(5,291)
At 31 December 1999	9,043	57,055	-	102,194	168,292
Shares issued	158	10,513	-	-	10,671
Gift to QUEST	-	-	-	(8,783)	(8,783)
Total recognised gains in the year	-	-	-	39,162	39,162
Equity dividends proposed	-	-	-	(5,269)	(5,269)
At 31 December 2000	<b>9,201</b>	<b>67,568</b>	-	<b>127,304</b>	<b>204,073</b>
	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
<i>Company</i>					
At 1 January 1999	8,678	49,850	55,990	723	115,241
Shares issued	365	7,205	-	-	7,570
Total recognised gains in the period	-	-	-	7,661	7,661
Equity dividends proposed	-	-	-	(5,291)	(5,291)
At 31 December 1999	9,043	57,055	55,990	3,093	125,181
Shares issued	158	10,513	-	-	10,671
Total recognised gains in the year	-	-	-	3,172	3,172
Equity dividends proposed	-	-	-	(5,269)	(5,269)
At 31 December 2000	<b>9,201</b>	<b>67,568</b>	<b>55,990</b>	<b>996</b>	<b>133,755</b>

The cumulative amount of goodwill resulting from acquisitions which has been written off directly to reserves is £82,113,000 (1999: £82,113,000). This goodwill would be charged in the profit and loss account on subsequent disposal of the businesses to which it relates. All shareholders' funds are attributable to equity interests in the Company.

### 22 Reconciliation of operating profit to operating cash flows

	2000 £'000	1999 £'000
Operating profit	61,407	75,612
Depreciation	13,202	12,345
Amortisation	263	62
Own shares allocated	176	-
Loss/(profit) on disposal of fixed assets	87	(490)
Increase in debtors	(95,130)	(7,243)
(Increase)/decrease in stocks	(26,679)	17,030
Increase/(decrease) in creditors	101,053	(13,632)
Currency and other adjustments	(102)	(1,760)
Net cash inflow from operating activities	<b>54,277</b>	<b>81,924</b>

### 23 Analysis of gross cash flows

	2000 £'000	1999 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	6,328	7,238
Interest paid	(8,490)	(7,498)
Interest element of finance lease rental payments	(2)	(2)
Net cash outflow for returns on investments and servicing of finance	<b>(2,164)</b>	<b>(262)</b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(27,467)	(50,063)
Payments to acquire own shares	-	(2,039)
Receipts from sales of tangible fixed assets	579	2,324
Acquisition of investments	(4,620)	-
Investment in joint venture	(4,475)	-
Net cash outflow for capital expenditure and financial investment	<b>(35,983)</b>	<b>(49,778)</b>

	2000 £'000	1999 £'000
<b>Acquisitions and disposals</b>		
Payments to acquire interest in subsidiary undertakings	(2,728)	(4,861)
Net cash acquired with subsidiary undertakings	2,026	364
Proceeds from capital reduction of associated undertaking	-	691
Net cash outflow for acquisitions and disposals	<b>(702)</b>	<b>(3,806)</b>
<b>Financing</b>		
Issue of ordinary share capital	1,895	2,470
Repayment of term bank loans	-	(542)
Net repayment of capital element of finance leases	-	(175)
Less bonds repurchased	(1,500)	(1,500)
Net cash inflow from financing	<b>395</b>	<b>253</b>

## 24 Analysis of changes in debt

	At 1 January 2000 £'000	Cash flows in year £'000	Other non-cash changes £'000	At 31 December 2000 £'000
Cash at bank and in hand	63,688	7,959	-	71,647
Bank overdrafts	(1,522)	(16,990)	-	(18,512)
Debt due within one year	(1,500)	1,500	(1,500)	(1,500)
Debt due after one year	(39,514)	-	1,286	(38,228)
Finance leases	-	-	-	-
<b>Total</b>	<b>21,152</b>	<b>(7,531)</b>	<b>(214)</b>	<b>13,407</b>

## 25 Other financial commitments

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

Group	2000	2000	1999	1999
	Land/buildings £'000	Other £'000	Land/buildings £'000	Other £'000
Operating leases which expire:				
Within one year	1,280	2,169	1,934	1,099
Between two and five years	2,141	4,161	3,264	4,833
Over five years	4,066	-	3,958	-
	7,487	6,330	9,156	5,932

## 26 Capital commitments

At 31 December 2000 all future Group capital expenditure contracted for had been provided for (1999: £7,915,000 had been contracted for but not provided).

## 27 Contingent liabilities

The Group has given a VAT deferred import duty guarantee of £250,000 (1999: £50,000).

Computacenter (UK) Limited has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £958,000 (1999: £953,000).

Computacenter plc has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2000 is £14,814,805.

## 28 Related party transactions

Biomni, the joint venture between Computacenter and CompuSoft Limited, 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. Total fees paid in the year by Computacenter to Biomni amounted to £3,531,087. In 1999 the same service was performed by CompuSoft Limited, for which fees of £1,233,757 were paid to CompuSoft Limited by Computacenter. At the beginning of 2000, as part of the joint venture agreement, Computacenter employees involved in the management, development and support of the system transferred to Biomni's payroll. Both PJ Ogden and PW Hulme are Directors of and have a material interest in CompuSoft Limited.

In addition, the Group supplied goods to CompuSoft in the normal course of business totalling £883,537 (1999: £593,000).

At 31 December 2000 CompuSoft Limited owed the Group £9,180 (1999: £193,000 owed by CompuSoft).

## 29 Financial instruments

The Group's approach to managing financial risk is described in the Finance Director's review on pages 20 and 21.

## a) Interest rate risk

## 2000

	At fixed interest rates £'000	At floating interest rates £'000	Interest free £'000	Total £'000
<i>Financial liabilities</i>				
Sterling	39,402	326	-	39,728
Euro	-	18,512	1,085	19,597
	39,402	18,838	1,085	59,325

## 1999

	At fixed interest rates £'000	At floating interest rates £'000	Interest free £'000	Total £'000
<i>Financial liabilities</i>				
Sterling	40,688	326	-	41,014
Euro	-	1,522	1,494	3,016
	40,688	1,848	1,494	44,030

The fixed rate debt has an interest rate of 10% and the weighted average period for which the rate is fixed is two years. The weighted average period for financial liabilities at 31 December 2000 is one year.

The financial liabilities of the Group comprise:

	2000 £'000	1999 £'000
Fixed rate bonds	39,402	40,688
Other borrowings	18,838	1,848
Finance leases	-	-
Other creditors due after one year	1,085	1,494
	59,325	44,030

## Notes to the accounts

### 29 Financial instruments continued

2000			
	At floating Interest rates £'000	Interest free £'000	Total £'000
<b>Financial assets</b>			
Sterling	69,347	-	69,347
Euro	1,771	529	2,300
	71,118	529	71,647
<b>1999</b>			
	At floating Interest rates £'000	Interest free £'000	Total £'000
<b>Financial assets</b>			
Sterling	62,021	-	62,021
Euro	1,057	610	1,667
	63,078	610	63,688

The financial assets of the Group comprise cash and deposits totalling £71,647,000 (1999: £63,688,000).

The Sterling floating rate assets and liabilities are based on the three month LIBOR rate. The Euro floating rate liabilities are based on the overnight Euribor rate.

#### b) Currency exposure

The Group does not have any significant currency exposures on monetary assets and liabilities. No Group company holds significant monetary assets or monetary liabilities that are not denominated in the functional currency of the company involved. At 31 December 2000, no forward contracts or swaps of foreign currency were outstanding.

#### c) Maturity of financial liabilities

	2000 £'000	1999 £'000
In one year or less, or on demand	20,012	3,022
In more than one year but not more than two years	38,987	3,320
In more than two years but not more than five years	326	37,688
	59,325	44,030

#### d) Undrawn committed borrowing facilities

The Group has various available borrowing facilities. The undrawn committed facilities available at 31 December 2000 in respect of which all conditions precedent had been met were £30,084,388 (1999: £26,928,000). All of these facilities are subject to annual review.

#### e) Fair value of financial instruments

	2000 Book value £'000	2000 Fair value £'000	1999 Book value £'000	1999 Fair value £'000
Interest in equities	4,620	2,208	-	-
Cash and deposits	71,647	71,647	63,688	63,688
	76,267	73,855	63,688	63,688
Fixed rate bonds	(39,402)	(41,863)	(40,688)	(44,118)
Other borrowing	(18,838)	(18,838)	(1,848)	(1,848)
Other creditors due after one year	(1,085)	(1,085)	(1,494)	(1,494)
	(59,325)	(61,786)	(44,030)	(47,460)

The fair value of the fixed rate bonds is calculated with reference to the market price of the bonds which at 31/12/00 as £105.15 per £100 bond.

## Five year financial review

	Year ended 31 December				
	1996 £'m	1997 £'m	1998 £'m	1999 £'m	2000 £'m
Turnover	882.5	1,133.5	1,586.2	1,760.6	1,988.4
Operating profit <sup>1</sup>	39.7	52.5	66.3	75.6	61.4
Profit on ordinary activities before taxation	34.2	47.1	64.6	75.1	55.6
Profit on ordinary activities after taxation	22.4	31.1	43.4	53.0	39.2
Diluted earnings per share <sup>2</sup>	13.2p	17.5p	23.5p	28.1p	20.8p
Year end headcount	2,359	3,245	4,582	5,618	5,788

<sup>1</sup> Excluding results of overseas associated undertakings

<sup>2</sup> Amended in accordance with FRS redefinition

## Summary balance sheet

	Year ended 31 December				
	1996 £'m	1997 £'m	1998 £'m	1999 £'m	2000 £'m
Intangible assets	-	-	-	3.8	6.2
Tangible assets	18.0	30.6	59.8	96.6	109.4
Investments	3.3	3.0	1.4	2.8	11.8
Stocks	83.3	108.2	109.8	92.9	119.6
Debtors	146.2	165.8	236.6	244.2	339.6
Cash	17.9	13.8	63.6	63.7	71.6
Creditors due within 1 year	(213.5)	(246.6)	(307.4)	(292.8)	(410.0)
Creditors due after 1 year	(47.0)	(43.5)	(42.0)	(41.0)	(39.5)
Provisions	(0.2)	-	(1.0)	(1.7)	(4.5)
Net assets	8.0	31.3	120.8	168.5	204.2

## Financial Calendar

Annual General Meeting:	10 May 2001
Interim Report 2001 mailed to shareholders:	September 2001
Annual Report 2001 mailed to shareholders:	April 2002
Annual General Meeting:	May 2002

# Corporate information

## Board of Directors:

Philip Hulme (Executive Chairman)  
Mike Norris (Chief Executive)  
Tony Conophy (Finance Director)  
Ron Sandler (Non-Executive Director)  
Peter Ogden (Non-Executive Director)  
Rod Richards (Non-Executive Director)  
Adrian Beecroft (Non-Executive Director)

## Company Secretary:

Alan Pottinger FCIS

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## Principal Bankers:

Barclays Bank plc  
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EC3V 9EX  
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## Stockbrokers and Investment Bankers:

### Goldman Sachs International

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Tel: +44 (0) 20 7774 1000

### HSBC Investment Bank plc

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## Solicitors:

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## Company Registration Number:

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## Internet Addresses:

Computacenter Group  
[www.computacenter.com](http://www.computacenter.com)

## The IGroup

<http://lgroup.computacenter.com>

## Biomni

[www.biomni.com](http://www.biomni.com)

## International Computer Group (ICG)

[www.icg-global.com](http://www.icg-global.com)

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