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 appraised 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

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 £
Executive Directors						
PW Hulme	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
Non-Executive Directors						
PJ Ogden	30,000	-	-	1,500	31,500	30,000
PAB Beecroft[1]	30,000	-	-	-	30,000	30,000
RL Richards[2]	30,000	-	-	-	30,000	30,000
RA Sandler[3]	116,014	-	-	-	116,014	-
Total	1,036,509	36,937	104,000	45,567	1,223,013	1,259,091

(1) Mr Beecroft's fees of £30,000 were paid to Apax Partners & Co Ventures Limited, his employer.
(2) Mr Richards's fees of £30,000 were paid to F&C Ventures Limited, his employer.
(3) Mr Sandler's fees and expenses were paid to Sandler Rentoul 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)[3]	Lapsed	At 31 December 2000
Executive Directors								
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
				1,932,727	20,424	(900,000)	(49,180)	1,003,971
FA Conophy (7)	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
				404,829	12,732	(150,000)	(32,787)	234,774
Non-Executive Directors								
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) MN 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 opinions 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.

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.

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
Executive Directors				
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	-
Non-Executive Directors				
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.

Creditors payment policy
The parent company does not hold any trade creditor balance; however it is the policy of the Group that each of the businesses should agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and that payment should be in accordance with those terms and conditions, provided that the supplier has also complied with them.

Going concern
After reviewing Group and Company cash balances and facilities, and based on past cash generation capability, the Directors believe that the Group and Company have adequate resources to continue operations for the forseeable 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 ts 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

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

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

Group balance sheet

At 31 December 2000	Note	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	11	**6,227**	3,756
Tangible assets	12	**109,402**	96,647
Investments	13	**11,825**	2,815
		127,454	103,218
Current assets			
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)
Net current assets		**120,738**	107,996
Total assets less current liabilities		**248,192**	211,214
Creditors: amounts falling due after more than one year	17	**(39,504)**	(41,008)
Provision of joint venture deficit	19		
Share of gross assets		**3,455**	-
Share of gross liabilities		**(5,923)**	-
		(2,468)	-
Provision for liabilities and charges	19	**(1,983)**	(1,736)
Total assets less liabilities		**204,237**	168,470
Capital and reserves			
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
		204,237	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
Fixed assets			
Tangible assets	12	**41,293**	52,958
Investments	13	**140,884**	133,515
		182,177	186,473
Current assets			
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)
Net current (liabilities)/assets		**1,594**	(11,681)
Total assets less current liabilities		**183,771**	174,792
Creditors: Amounts falling due after more than one year	17	**(48,089)**	(47,875)
Provision for liabilities and charges		**(1,927)**	(1,736)
Total assets less liabilities		**133,755**	125,181
Capital and reserves			
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

For the year ended 31 December 2000	Note	2000 £'000	1999 £'000
Cash inflow from operating activities	22	**54,277**	81,924
Returns on investments and servicing of finance	23	**(2,164)**	(262)
Taxation			
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)
Financing			
Issue of shares	23	**1,895**	2,470
Decrease in debt	23	**(1,500)**	(2,217)
Decrease in cash in the year		**(9,031)**	(1,435)

Reconciliation of net cash flow to movement in net funds

For the year ended 31 December 2000	Note	2000 £'000	1999 £'000
Net funds at 1 January 2000		**21,152**	21,126
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)
Net funds at 31 December 2000		**13,407**	21,152

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 acquisition costs	period to expiry of lease
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 replaced, calculated at the rate at which it is estimated that tax will be payable.

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

Goodwill arising on acquisitions since 1 January 1998 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.

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
Turnover by destination		
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
Total	1,988,447	1,760,628

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

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

All turnover and operating profit relates to continuing operations.

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

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
	1,927,040	1,685,016

4 Operating profit

	2000 £'000	1999 £'000
This is stated after charging:		
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
	222,454	205,366

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

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

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
	6,343	7,238

7 Interest payable and similar charges

	2000 £'000	1999 £'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 activites

The charge based on the profit for the year comprises:

	2000 £'000	1999 £'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
Cost	
At 31 December 1999	3,818
Additions	2,731
Exchange adjustment	3
At 31 December 2000	6,552
Amortisation	
At 31 December 1999	62
Charge in the year	263
At 31 December 2000	325
Net Book Value	
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 equipment and vehicles £'000	Total £'000
Group				
Cost				
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
Depreciation				
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
Net book amount				
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:

	Fixtures, fittings, equipment and vehicles 2000 £'000	1999 £'000
Group		
Cost	-	1,224
Accumulated depreciation	-	(1,216)
Net book amount	-	8
Depreciation charge for the year	-	190

	Freehold land and buildings £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
Company			
Cost			
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
Depreciation			
At 1 January 2000	-	-	-
Charge	(882)	-	(882)
At 31 December 2000	(882)	-	(882)
Net book amount			
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.

13 Investments

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

	Share of net tangible assets 2000 £'000
(a) Associated undertakings	
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) Own shares – at cost	
Cost	
At 1 January 2000 and 31 December 2000	3,559
Provided	
At 1 January 2000	880
Charge	176
At 31 December 2000	1,056
Net book value	
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
Company						
Cost						
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
Amounts provided						
At 1 January 2000	-	(3,030)	-	-		(3,030)
During the year	-	-	-	-	-	-
At 31 December 2000	-	(3,030)	-	-	-	(3,030)
Net Book Value						
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 Computer Group BV	Netherlands	Non trading	64.3%*
Biomni 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.

13 Investments continued

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets on acquisition			
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

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

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.

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
Group and Company		
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
Authorised		
Equity		
Ordinary shares of 5p each	25,000	25,000

	2000 No '000	2000 £'000	1999 No '000	1999 £'000
Allotted, called up and fully paid				
Equity				
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
Exercisable between			
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
Date of grant			
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

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
Exercisable between			
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	-
		83,597	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
Group					
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	9,201	67,568	-	127,304	204,073

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Company					
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	9,201	67,568	55,990	996	133,755

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	54,277	81,924

23 Analysis of gross cash flows

	2000 £'000	1999 £'000
Returns on investments and servicing of finance		
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	(2,164)	(262)
Capital expenditure and financial investment		
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	(35,983)	(49,778)

	2000 £'000	1999 £'000
Acquisitions and disposals		
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	(702)	(3,806)
Financing		
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	395	253

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	-	-	-	-
Total	21,152	(7,531)	(214)	13,407

25 Other financial commitments

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

	2000 Land/buildings £'000	2000 Other £'000	1999 Land/buildings £'000	1999 Other £'000
Group				
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 Computasoft 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 Computasoft Limited, for which fees of £1,233,757 were paid to Computasoft 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 Computasoft Limited.

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

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

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
Financial liabilities				
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
Financial liabilities				
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
Financial assets			
Sterling	69,347	-	69,347
Euro	1,771	529	2,300
	71,118	529	71,647

1999

	At floating Interest rates £'000	Interest free £'000	Total £'000
Financial assets			
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 [1]	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 [2]	13.2p	17.5p	23.5p	28.1p	20.8p
Year end headcount	2,359	3,245	4,582	5,618	5,788

[1] Excluding results of overseas associated undertakings
[2] 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 Reort 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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