

Directors' report

The Directors are responsible for preparing the accounts and herewith present their report and the audited accounts of the Company for the year ended 31 December 2003.

Principal activities

The Company is a holding company. The principal activities of the group of subsidiary company undertakings of which it is the parent, are the design, project management, implementation and support of 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 on pages 4 and 5, the Chief Executive's review on pages 6 to 9 and the Finance Director's review on pages 10 to 12.

Results and dividends

The Group's activities resulted in a profit before tax of £65.2 million (2002: £55.1 million). The Group profit for the year available to shareholders amounted to £46.3 million (2002: £37.0 million). The Directors propose a final dividend for the year of £9.2 million

(2002: £10.7 million) being payable on 1 June 2004 to those shareholders on the register as at 7 May 2004. The Company paid an interim dividend of £3.8 million on 10 October 2003.

Directors

The Directors who served during the year ended 31 December 2003 are detailed below. Brief biographical details of the Directors at the date of this Report are given on pages 22 and 23.

Cliff Preddy and Mike Norris will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Philip Hulme and Peter Ogden, having served as Directors for more than nine years, will retire and offer themselves for re-election at the Annual General Meeting. Ghislain Lescuyer having been appointed by the Board since the last Annual General Meeting will also retire and offer himself for election.

Directors' interest in shares

The interests of the Directors in the share capital of the Company at the beginning and end of the year are set out below.

	At 31 December 2003		At 1 January 2003 or as at date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial
Executive Directors				
RA Sandler	75,000	–	75,000	–
MJ Norris	1,271,265	–	1,571,265	–
FA Conophy	1,762,758	–	1,762,758	–
Non-Executive Directors				
NJ Cosh	5,000	–	5,000	–
PW Hulme	26,577,295	12,272,707	28,990,057	12,872,707
PJ Ogden	42,402,764	1,175,000	42,162,764	15,000
CSF Preddy	5,000	–	5,000	–

There have been no changes in the interests of the Directors in the shares of Computacenter since 31 December 2003.

Major interests in shares

In addition to the Directors' interests set out above, in so far as is notified to the Company, as at 15 March 2004 the following persons have interests in 3% or more of the existing issued ordinary share capital of the Company.

Shareholder	Number of ordinary shares	Percentage of issued ordinary capital
Aegon UK plc	6,929,429	3.67%

Authority to purchase own shares

At the 2003 Annual General Meeting a resolution was passed giving the Company authority to purchase up to 10% of its ordinary shares by market purchase. No such purchases were made during the year. A resolution to renew the authority will be proposed at the 2004 Annual General Meeting.

Creditors payment policy

The Company does not hold any trade creditor balances. However it is the policy of the Group that each of the businesses should agree appropriate terms and conditions 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.

International Accounting Standards

Computacenter plc will be required to adopt International Accounting Standards ("IAS") when preparing its Group accounts for the year ended 31 December 2005. In preparation for this, all existing IAS have been reviewed to assess their likely impact on our reported figures and to determine how the necessary data will be collected.

Progress and clarity to date have been hindered by the fact that most of the key standards have only recently been finalised. Consequently, while it has been possible to reach some high level conclusions, more time is needed for a detailed understanding of how the standards will impact our reporting and review by our auditors. We expect to agree the opening adjustments for IAS reporting before the end of 2004, enabling our first presentation of IAS figures for the 2005 interims.

Employee share schemes

The Company operates executive share option schemes and a performance-related share option scheme for the benefit of employees. During the year, options under these schemes to purchase shares of the Company have been granted to certain employees in respect of 1,908,863 ordinary shares of 5p each. At the year-end options in respect of 7,313,065 (2002: 9,768,757) ordinary shares remained outstanding under these schemes. During the year, options over 4,067,800 ordinary shares were exercised.

In addition the Company continues to operate a Sharesave scheme for the benefit of employees. At the year-end, options in respect of 4,338,478 (2002: 3,975,011) ordinary shares remained outstanding under this scheme.

Employee involvement

Computacenter is committed to the involvement of all employees in the performance and development of the Group. Regular team briefing processes exist in which employees are encouraged to discuss matters affecting day-to-day operations of the Group. Employee Consultative Forums exist in each country to consult staff on major issues affecting employment and on matters of policy. A European Forum meets when there are trans-national issues to discuss.

Employee opinion surveys are conducted every two years in the UK by an external research company to seek employees' views on a wide range of subjects. Feedback is shared and action plans developed involving employees from across the business. Examples of changes made as a result of previous surveys include the development of extensive on-line learning tools, a holiday leave purchase scheme, and the launch of a new Quality-based employee reward and recognition scheme.

Similar employee opinion surveys are planned for Germany and France.

Equal opportunities

The Group is committed to equal opportunities, monitoring and regularly reviewing policies and practices to ensure that it meets the standards it sets. No employee or potential employee receives less favourable treatment or consideration on grounds of race, national or ethnic origin, gender, age, disability, sexual orientation, or marital status. The Group is committed to make full use of the talents and resources of all its employees and to provide a healthy environment that encourages good and productive working relationships within the organisation.

Health and safety

It remains the policy of the Group that each business maintains the high standards necessary to safeguard the health and safety of its employees, customers and the public. This commitment is formally contained in the Health and Safety Policy Statement signed by the Chief Executive, copies of which are available upon request. The Health, Safety and Environment Department monitors and reviews all procedures and policies, utilising the advice of external consultants where necessary.

Environmental report

The Board remains committed to the improvement of the Group's environmental performance and to minimising any adverse effects that its operations may have on the environment. In support of this, the Company operates a comprehensive Environmental Management System (EMS), which achieved accreditation to the international standard ISO 14001 in 2003. The ISO Certificate was successfully retained in the UK after a BSI audit in December 2003. The Computacenter EMS covers the supply, configuration, storage, installation, recovery and disposal of information technology systems. Information on the EMS is provided to staff and the system will be monitored and reviewed by the Group Health, Safety and Environment Department and the BSI.

The significant environmental aspects identified are IT waste, packaging waste, office waste, transport and energy. Progress on environmental performance is monitored throughout the year, and costs and benefits measured.

The Board recognises that acting in a socially responsible way benefits the community, our customers and the Group alike. Copies of Computacenter's full environmental policy are available on request.

Performance and personal development

The Group is committed to the development of its employees through a regular performance review process. Managers are responsible for setting and reviewing personal objectives aligned to corporate and functional goals, reviewing performance against behavioural standards appropriate to job level, agreeing appropriate training and development interventions, and discussing career aspirations. The Group Executive Committee has overall responsibility for monitoring management development and ensuring that the appropriate skills are available to meet the current and future management needs of the Group. Approximately 2.5% of the Group's salaries expense is spent each year on technical training and skill development. The Company's reward strategy is aligned to the development of a performance-related culture.

Business ethics

The Group operates an ethics policy that includes a requirement for all employees to report abuses or non-conformance with the policy ('whistle-blowing'). This policy commits Computacenter employees to the highest standards of ethical behaviour in all business and personal relationships whilst in the workplace or on Company business.

Community relations and charity activities

The Group supports community and charitable projects as part of its commitment to the concept of corporate social responsibility and encourages its employees to support such projects. Specific charities are nominated by employees to receive funds raised through local and national events, which are then matched by the Group. In 2003 the Group made charitable donations amounting to £96,362.

European monetary union

The Group has continued to monitor and consider the impact to the business of the euro. Internal systems for our businesses within the 'Euro Zone' have been modified as necessary to meet business requirements.

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 the Group, and of the profit or loss of the Group for that period. In preparing these 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 being 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 its 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution approving the re-appointment of Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

AJ Pottinger
Secretary
15 March 2004