

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 2004.

Principal activities

The Company is a holding company and is a going concern. 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 13.

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 2004		At 1 January 2004 (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	–	1,271,265	–
FA Conophy	1,762,758	–	1,762,758	–
Non-Executive Directors				
NJ Cosh	5,000	–	5,000	–
PW Hulme	24,977,295	9,772,707	26,577,295	12,272,707
GM Lescuyer	–	–	–	–
PJ Ogden	42,402,764	1,175,000	42,402,764	1,175,000
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 2004. Ghislain Lescuyer was appointed to the Board on 19 January 2004.

Major interests in shares

In addition to the Directors' interests set out above, in so far as has been notified to the Company, as at 14 February 2005 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
Fidelity International Limited	10,830,161	5.73%

Results and dividends

The Group's activities resulted in a profit before tax of £64.6 million (2003: £65.2 million). The Group profit for the year available to shareholders amounted to £44.9 million (2003: £46.3 million). The Directors propose a final dividend for the year of £9.8 million (2003: £9.2 million) being payable on 31 May 2005 to those shareholders on the register as at 6 May 2005. The Company paid an interim dividend of £4.3 million on 15 October 2004.

Directors

The Directors who served during the year ended 31 December 2004 are detailed below. Brief biographical details of the Directors at the date of this report are given on pages 22 and 23.

Nick Cosh and Tony Conophy 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.

Authority to purchase own shares

At the 2004 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 further extend the authority is to be put to the 2005 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 Financial Reporting Standards

The Group will be required to adopt International Financial Reporting Standards (IFRS) when preparing its statutory accounts for the year ended 31 December 2005.

Following the release of the Stable Platform by the International Accounting Standards Board in March 2004, a study of the impact of the introduction of IFRS to the Group has been completed and the Board considers the Group to be well prepared for the changes. The results of this study have assisted in determining the adjustments required to current UK GAAP in the reporting of the Group's results both in the future and at the point of transition to IFRS. This has in turn facilitated the identification of the reporting and disclosure requirements that the individual Group companies will need to provide, in addition to those under UK GAAP, for the consolidation of the Group accounts. The agreement of the opening adjustments is now to be concluded with the Company's auditors.

The first set of figures that the Group will be presenting under IFRS will be those for its 2005 interim result. It is intended that the 2004 results restated for IFRS accompanied by the relevant reconciliations will be communicated to shareholders and the wider financial community in the first half of 2005. The Board believes, based on the work to date, that there will be no material changes on the reported profit for the year.

Employee share schemes

The Company operates executive share option schemes and a performance-related option scheme for the benefit of employees. During the year, options were granted under these schemes to certain employees in respect of 1,607,222 ordinary shares of 5p each, options over 119,000 shares were exercised and options over 237,000 shares have lapsed. At the year-end, options over 8,566,056 (2003: 7,313,065) shares remain outstanding under these schemes.

In addition, the Company continues to operate a Sharesave scheme for the benefit of employees. At the year-end, options over 3,603,417 (2003: 4,338,478) shares remain outstanding under this scheme.

During the year, the Company has remained within its headroom limits for the issue of new shares for employee share plans as required in the rules of the plans, specifically the 5% in 10 years limit for discretionary plans and the 10% in 10 years limit for all share plans.

Corporate Social Responsibility

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders and employees alike. A wide variety of initiatives and measures are in place to ensure the Group continues to develop in a socially responsible way.

Environment

The Board continues its commitment 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 has been successfully retained in the UK since July 2003, and the last BSI audit was completed during November 2004. During 2004, the Group's operation in Germany also achieved the ISO 14001 accreditation and together with R D Trading Limited, this resulted in the third accredited operation within the Group.

The Computacenter EMS covers the supply, configuration, storage, installation, recovery and disposal of information technology systems and is applied at all of the Company's UK locations. Information on the EMS is provided to staff and the system is monitored and reviewed by the Group Health, Safety and Environment Department and the BSI. Further monitoring is performed by a number of customers who regard Computacenter as a significant partner.

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 by way of a formal, annual review.

Copies of the environmental policy are available from the Company's website at www.computacenter.com/corporate-responsibility or upon request.

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, which is available from the Company's website at www.computacenter.com/corporate-responsibility or upon request. The Health, Safety and Environment Department monitors and reviews all procedures and policies utilising the advice of external consultants and exposure trends identified, where necessary.

Employee involvement

Computacenter is committed to involving all employees in driving 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.

Directors' report

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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 introduction of job families, new employee induction programmes and the launch of a new quality-based employee reward and recognition scheme.

Equivalent employee opinion surveys are planned in 2005 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.

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.

Workplace

International human rights obligations and international and local employment laws are met through a broad range of policies across the Group. These ensure that, for example, employees are not subject to discrimination, arbitrary or unjust dismissal or unjust application of wage rates. Appropriate employee benefits programmes exist across the Group.

Business ethics

An ethics policy is operated by the Group which 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 respect of customers, suppliers, colleagues, and other stakeholders in the 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 2004 the Group made charitable donations amounting to £78,000.

Going concern

The Directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Statement of Directors' responsibilities in respect of the accounts

Company law requires the Directors to prepare the 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 reappointment of Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

AJ Pottinger

Secretary
14 March 2005