

# Notes to the financial statements

## 1 Accounting policies

### Basis of preparation

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

The format of the Group Profit and Loss Account has been changed to Format 1 of schedule 4 of the Companies Act 1985. Operating costs, as reported in prior years under Format 2, have been split between cost of sales and other operating expenses (net). It is the Directors' opinion that a change in the format is appropriate to provide additional disclosure of gross profit and that the allocation between cost of sales and other operating expenses (net) is consistent across the Group.

### Basis of consolidation

The Group financial statements consolidate the financial statements of Computacenter plc and all 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 after tax for Computacenter plc was £3,834,000 (2003: £81,948,000).

Undertakings, other than subsidiary undertakings, in which the Group holds a participating interest and over which it exerts significant influence are treated as associated undertakings. The Group financial statements include the appropriate share of those undertakings' results (from the date of acquisition) and net assets based on audited financial statements of those undertakings. Undertakings which the Group jointly controls with other entities are accounted for as joint ventures. The Group financial statements include the appropriate share of those undertakings' results, and the appropriate share of the gross assets and liabilities of those undertakings.

### Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### 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 FRS10. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off against reserves is included in determining the profit or loss on disposal.

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.

Negative goodwill arising on acquisitions is classified as an intangible item on the balance sheet and amortised on a straight line basis over its estimated useful economic life.

### Depreciation of tangible fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	50 years
Leasehold acquisition costs	period to expiry of lease
Structural improvements	shorter of 7 years & period to expiry of lease
Fixtures and fittings	
– Head office	5-15 years
– Other	shorter of 7 years & period to expiry of lease
Office machinery, computer hardware and software	2-15 years
Motor vehicles	3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

### 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. Contracted Managed Services revenue is recognised over the contracted period on a straight line basis, which approximates to the level of

## 1 Accounting policies continued

completion of an individual contract. The unrecognised contracted revenue is included as deferred income in the balance sheet. Amounts invoiced relating to more than one period are deferred and recognised over their relevant life.

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 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.

## 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, gross profit, operating profit and net assets is given below:

	2004 £'000	2003 £'000
<b>Turnover by origin</b>		
UK	<b>1,433,685</b>	1,455,296
Germany	<b>655,501</b>	635,150
France	<b>300,380</b>	324,517
Belgium & Luxembourg	<b>21,024</b>	17,320
Continuing operations	<b>2,410,590</b>	2,432,283
Austria – discontinued	<b>45,162</b>	49,012
Total	<b>2,455,752</b>	2,481,295

Turnover by destination is not materially different from turnover by origin and has therefore not been disclosed.

### 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, except to the extent that such assets or liabilities are covered by forward exchange contracts. In such cases the contracted rates are used. All differences are taken to the profit and loss account.

Net assets of overseas subsidiaries 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 10 to 13. Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies. Gains or losses arising on these forward contracts are taken to the profit and loss account at maturity.

### 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.

### Investment in own shares

Own shares are recorded at cost as a deduction from shareholders' funds.

# Notes to the financial statements

continued

## 2 Turnover and segmental analysis continued

	2004 £'000	Restated 2003 £'000
<b>Gross profit</b>		
UK	205,657	201,573
Germany	90,479	95,695
France	31,771	39,793
Belgium & Luxembourg	2,291	1,924
Continuing operations	330,198	338,985
Austria – discontinued	5,203	5,663
<b>Total</b>	<b>335,401</b>	344,648

The gross profit for 2003 has been restated to account for distribution costs within other operating expenses, as prescribed in Format 1 of schedule 4 of the Companies Act 1985. Previously these amounts were included in the calculation of gross profit, as described in note 1.

	2004 £'000	2003 £'000
<b>Operating profit/(loss)</b>		
UK	64,426	61,829
Germany	8,999	8,728
France	(6,151)	(2,727)
Belgium & Luxembourg	16	(390)
Continuing operations	67,290	67,440
Austria – discontinued	(1,547)	(1,502)
<b>Total Group excluding associate &amp; joint venture undertakings</b>	<b>65,743</b>	65,938
Share of operating result of German associate and UK joint venture	(145)	177
<b>Total</b>	<b>65,598</b>	66,115

	2004 £'000	2003 £'000
<b>Net assets/(liabilities) employed</b>		
UK	178,854	187,167
Germany	34,596	21,042
France	32,234	33,326
Belgium & Luxembourg	(7,250)	(6,397)
	238,434	235,138
Austria – discontinued	(3,716)	(2,690)
Subtotal	234,718	232,448
Net assets of associated undertaking	373	510
Net assets employed	235,091	232,958
Net funds	80,047	49,925
<b>Total</b>	<b>315,138</b>	282,883

## 3 Cost of sales and operating costs

	2004 £'000	Restated 2003 £'000
<b>Cost of sales</b>	<b>2,120,351</b>	2,136,647
Distribution costs	20,759	22,606
Administrative costs	248,899	256,104
<b>Other operating expenses (net)</b>	<b>269,658</b>	278,710

The total figures for 2004 include the following amounts in relation to the discontinued operation Computacenter Austria: cost of sales £39,959,000 (2003: £43,349,000), distribution costs £133,000 (2003: £156,000), administrative expenses £6,617,000 (2003: £7,009,000) and other operating expenses £6,750,000 (2003: £7,165,000).

#### 4 Operating profit

	2004 £'000	2003 £'000
This is stated after charging:		
Auditors' remuneration – audit services – UK	172	164
– audit services – overseas	217	226
– non-audit services – UK	295	121
– non-audit services – overseas	6	8
Depreciation of owned assets	18,110	22,188
Depreciation of assets held under finance leases and hire purchase contracts	272	477
Operating lease rentals – plant & machinery	8,985	10,049
– land & buildings	17,948	18,493
Amortisation of positive goodwill	281	544
Impairment of goodwill	–	46
And after crediting:		
Amortisation of negative goodwill	532	4,261
Increase in listed investment	–	292
Disposal of listed investment	1,603	–
Rentals received under operating leases	523	661

Non-audit services principally relate to taxation advice.

In addition to the auditors' remuneration disclosed above, further costs of £61,000 (2003: £440,000) relating to non-audit services in respect of the acquisition in the prior year of GE CompuNet and GECITS Austria have been capitalised.

#### 5 Exceptional items

	2004 £'000	2003 £'000
Recognised below operating profit:		
Austria		
Provision for loss on disposal	2,356	–
Joint venture		
Deemed disposal on dilution of shareholding (see note 21)	(1,516)	–
Provision for impairment of investment	1,802	–
	2,642	–

Further explanation on the exceptional item relating to the Austria business is given in note 32.

#### 6 Staff costs

	2004 £'000	2003 £'000
Wages and salaries	344,639	337,690
Social security costs	55,756	59,690
Other pension costs	11,282	8,681
	411,677	406,061

The Group operates a defined contribution scheme available to all UK employees.

There were no outstanding or prepaid pension contributions as at the balance sheet date.

# Notes to the financial statements

continued

## 6 Staff costs continued

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

	Number of employees	
	2004	2003
Supply chain services	<b>2,078</b>	2,125
Managed services	<b>3,667</b>	3,448
Sales and customer services	<b>1,589</b>	1,765
Business support	<b>1,029</b>	1,049
Direct business	<b>130</b>	124
Professional services	<b>1,272</b>	1,193
Other services	<b>–</b>	25
<b>Total</b>	<b>9,765</b>	9,729

Details of Directors' remuneration, pension entitlements and share options are disclosed in the Directors' Remuneration Report on pages 28 to 31.

## 7 Interest receivable and similar income

	2004	2003
	£'000	£'000
Bank interest	<b>4,427</b>	2,773
Other interest receivable	<b>835</b>	476
	<b>5,262</b>	3,249

## 8 Interest payable and similar charges

	2004	2003
	£'000	£'000
Bank loans and overdraft	<b>2,734</b>	3,448
Other loans	<b>839</b>	755
	<b>3,573</b>	4,203

## 9 Taxation

(a) The charge based on the profit for the year comprises:

	2004	2003
	£'000	£'000
UK Corporation Tax	<b>21,374</b>	17,612
Tax overprovided in previous years	<b>(2,701)</b>	(621)
	<b>18,673</b>	16,991
Foreign tax current year	<b>4</b>	20
Foreign tax prior year	<b>(548)</b>	–
Group current tax	<b>18,129</b>	17,011
Share of joint venture's tax	<b>63</b>	(100)
Total current tax	<b>18,192</b>	16,911
Deferred tax		
Origination and reversal of timing differences	<b>1,797</b>	1,542
Prior year adjustments	<b>(129)</b>	449
Group deferred tax	<b>1,668</b>	1,991
Tax on profit on ordinary activities	<b>19,860</b>	18,902

## 9 Taxation continued

### (b) Factors affecting the current tax charge

The tax charge for the year is different from the standard rate of Corporation Tax in the UK of 30%. The principal reasons for this difference are set out below:

	2004 £'000	2003 £'000
Total profit before taxation	64,645	65,161
At 30%	19,393	19,548
Expenses not deductible for tax purposes	234	640
Relief on share option gains	(54)	(2,845)
Goodwill amortised	(75)	(919)
Impairment of goodwill	–	11
Adjustments in respect of previous periods	(616)	–
Adjustment following agreement of certain items for earlier years	(2,447)	–
Higher tax on overseas earnings	1	–
Provision for loss on disposal of subsidiary	686	–
Provision for net loss on investment in joint venture	86	–
Disposal of investment	(569)	–
Accounting depreciation in excess of tax depreciation	80	(284)
Other timing differences	238	–
Profits of overseas undertakings not taxable due to brought forward loss offset	(1,887)	(2,590)
Losses of overseas undertakings not available for relief	3,122	3,350
Current tax charge	18,192	16,911

### (c) Factors that may affect future tax charges

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

The Group has tax losses arising from the results of overseas subsidiaries of £9,875,000. Deferred tax assets have not been recognised in full in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time or in subsidiaries where the length of time that the loss remains available is limited.

### (d) Deferred tax

#### Group

The deferred tax included in the balance sheet is as follows:

	2004 £'000	2003 £'000
Included in debtors (note 16)	1,433	3,314
Included in provisions for liabilities and charges (note 21)	(1,455)	(1,668)
	(22)	1,646
	2004 £'000	2003 £'000
Accelerated capital allowances	(1,455)	(1,804)
Tax losses carried forward	1,433	3,314
Other short-term timing differences	–	136
	(22)	1,646
		£'000
At 1 January 2004		1,646
Deferred tax charge in Group profit and loss account:		
Current year		(1,797)
Prior year		129
At 31 December 2004		(22)

# Notes to the financial statements

continued

## 9 Taxation continued

(d) Deferred tax continued

### Company

The deferred tax included in the balance sheet is as follows:

	2004 £'000	2003 £'000
Accelerated capital allowances	<b>1,455</b>	1,538
Provision for deferred tax (included in provisions for liabilities and charges):		
		£'000
At 1 January 2004		1,538
Deferred tax credit in Company profit and loss account:		
Current year		(83)
At 31 December 2004		1,455

## 10 Dividends

	2004 £'000	2003 £'000
Equity dividends on ordinary shares:		
Interim paid 2.3p (2003: 2.0p)	<b>4,316</b>	3,775
Final proposed 5.2p (2003: 5.0p)	<b>9,785</b>	9,236
	<b>14,101</b>	13,011

The Computacenter ESOP trust has waived the dividends payable in respect of 1,427,042 (2003: 1,427,042) ordinary shares that it owns which are not allocated to employees. The Computacenter Trustees Limited have waived dividends in respect of 457,796 (2003: 457,796) shares that it owns which are not allocated to employees and the Computacenter Quest ('Qualifying Employee Scheme Trust') has similarly waived dividends in respect of 927,640 (2003: 1,031,134) shares that it owns.

## 11 Earnings per share

The calculation of earnings per ordinary share is based on profit attributable to members of the holding Company of £44,854,000 (2003: £46,304,000) and on 186,441,000 (2003: 184,853,000) 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 £44,854,000 (2003: £46,304,000) and on 188,979,000 (2003: 188,610,000) ordinary shares, calculated as the basic weighted average number of ordinary shares, plus 2,537,346 (2003: 3,757,000) dilutive share options.

An additional earnings per share ratio of 25.1p was presented to provide a measure of Group operating activities, excluding the exceptional items. This additional earnings per share ratio is based on earnings of £47,496,000, which comprises the profit attributable to members of the holding Company of £44,854,000, excluding the exceptional loss of £2,642,000, and on 188,979,000 ordinary shares.

## 12 Intangible assets

	Goodwill	
	Positive £'000	Negative £'000
<i>Group</i>		
<b>Cost</b>		
At 1 January 2004 and 31 December 2004	<b>9,347</b>	8,521
<b>Amortisation</b>		
At 1 January 2004	4,592	7,989
Charge/credit in the year	281	532
At 31 December 2004	<b>4,873</b>	8,521
<b>Net book value</b>		
At 31 December 2004	<b>4,474</b>	–
At 31 December 2003	4,755	532

The Group has amortised its acquired positive goodwill on a straight line basis over a period of the estimated useful economic life. The acquired negative goodwill is amortised over a period of two years. The Group will continue to review the estimated useful life of the goodwill acquired.

	Intellectual property £'000	
<i>Company</i>		
<b>Cost</b>		
At 1 January 2004 and 31 December 2004		<b>169,737</b>
<b>Amortisation</b>		
At 1 January 2004		16
Charge in the year		8,500
At 31 December 2004		<b>8,516</b>
<b>Net book value</b>		
At 31 December 2004		<b>161,221</b>
At 31 December 2003		169,721

Intellectual property is amortised over its useful life of 20 years.

Notes to the financial statements  
continued

13 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold property and improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
<i>Group</i>				
<b>Cost</b>				
At 1 January 2004	66,962	20,133	95,731	182,826
Additions	998	993	12,217	14,208
Disposals	(1,392)	(6,266)	(14,248)	(21,906)
Exchange adjustments	–	80	165	245
At 31 December 2004	66,568	14,940	93,865	175,373
<b>Depreciation</b>				
At 1 January 2004	9,990	9,219	63,068	82,277
Charge for the year	3,043	2,615	12,724	18,382
Disposals	(195)	(5,993)	(12,947)	(19,135)
Exchange adjustments	–	116	303	419
At 31 December 2004	12,838	5,957	63,148	81,943
<b>Net book value</b>				
At 31 December 2004	53,730	8,983	30,717	93,430
At 31 December 2003	56,972	10,914	32,663	100,549

The majority of the disposals in the year relate to a number of old assets that had been fully depreciated.

	Freehold land and buildings £'000
<i>Company</i>	
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	42,350
<b>Depreciation</b>	
At 1 January 2004	5,709
Charge for the year	1,616
At 31 December 2004	7,325
<b>Net book value</b>	
At 31 December 2004	35,025
At 31 December 2003	36,641

Included in the figures above are the following amounts relating to leased assets:

	Fixtures, fittings, equipment and vehicles	
	2004 £'000	2003 £'000
<i>Group</i>		
<b>Cost</b>		
At 1 January 2004	1,164	1,164
Additions	206	–
Disposals	(1,164)	–
At 31 December 2004	206	1,164
<b>Depreciation</b>		
At 1 January 2004	732	255
Charge for the year	272	477
Disposals	(953)	–
At 31 December 2004	51	732
<b>Net book value</b>		
	155	432

## 14 Investments

	2004 £'000	2003 £'000
<i>Group</i>		
Loan to joint venture (a)	5,648	7,450
Associated undertakings (b)	373	539
Other listed investments (c)	–	3,047
	<b>6,021</b>	11,036

(a) Loan to joint venture

	£'000
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	7,450
<b>Provision</b>	
At 1 January 2004	–
Charge in the year	1,802
At 31 December 2004	1,802
<b>Net book value</b>	
At 31 December 2004	5,648
At 31 December 2003	7,450

(b) Associated undertakings

	Share of net tangible assets £'000
At 1 January 2004	510
Increase in investment	110
Dividend received	(509)
Share of profit of associated undertaking	266
Exchange adjustments	(4)
At 31 December 2004	373

(c) Other listed investments

	£'000
<b>Cost</b>	
At 1 January 2004	4,617
Disposal	(4,617)
At 31 December 2004	–
<b>Provision</b>	
At 1 January 2004	1,573
Disposal	(1,573)
At 31 December 2004	–
<b>Net book value</b>	
At 31 December 2004	–
At 31 December 2003	3,047

# Notes to the financial statements

continued

## 14 Investments continued

Company	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Shares in joint venture £'000	Other listed investments £'000	Total £'000
<b>Cost</b>					
At 1 January 2004	<b>198,103</b>	<b>16,266</b>	<b>25</b>	<b>4,617</b>	<b>219,011</b>
Additions	9,721	1,102	–	–	10,823
Disposal of investment	–	–	–	(4,617)	(4,617)
Repayment to receive	(32,449)	–	–	–	(32,449)
Repaid	–	(12)	–	–	(12)
At 31 December 2004	<b>175,375</b>	<b>17,356</b>	<b>25</b>	<b>–</b>	<b>192,756</b>
<b>Amounts provided</b>					
At 1 January 2004	31,925	2,754	–	1,570	36,249
During the year	2,318	–	–	–	2,318
Disposal	–	–	–	(1,570)	(1,570)
At 31 December 2004	<b>34,243</b>	<b>2,754</b>	<b>–</b>	<b>–</b>	<b>36,997</b>
<b>Net book value</b>					
At 31 December 2004	<b>141,132</b>	<b>14,602</b>	<b>25</b>	<b>–</b>	<b>155,759</b>
At 31 December 2003	166,178	13,512	25	3,047	182,761

Details of the principal investments at 31 December 2004 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 undertaking	Country of registration	Nature of business	Proportion held
Computacenter (UK) Limited	England	IT infrastructure services	100%
Computacenter France SA	France	IT infrastructure services	99.4%
Computacenter Holding GmbH	Germany	IT infrastructure services	100%
Computacenter GmbH	Germany	IT infrastructure services	100%
CC Managed Services 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%
Biomni Limited	England	Software development	41.67%
HelpByCom GmbH	Germany	IT infrastructure services	49%**
ICG Services Limited	England	International IT Infrastructure services	100%***

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

\*\* Includes indirect holdings of 49% via Computacenter Holding GmbH.

\*\*\* Includes indirect holdings of 35.7% via Computacenter Holding GmbH.

During the period CC CompuNet was renamed Computacenter Germany.

## 14 Investments continued

### Update on acquisitions – Germany and Austria

On 2 January 2003, the Group acquired the trade and assets of GE CompuNet in Germany and GECITS in Austria for an initial consideration of £38,134,000.

There has been no change in the circumstances that has resulted in a change to the Board's view of the value of goodwill to the Group.

Because the audited value of the net assets at completion was lower than stipulated in the purchase agreement, Computacenter anticipates receiving a repayment of £32,448,000 from GE Capital, the vendors, resulting in a net consideration for the acquisition of £4,683,000. Elements of this repayment calculation are disputed by GE Capital and, in accordance with the purchase agreement PricewaterhouseCoopers has been appointed, as an independent expert, to settle the matter. The Board has reviewed the likely outcome, taking account of the proceedings to date, and is still of the view that this is properly reflected in the Group's accounts.

The assets of each of the acquired companies have been included in the Group's balance sheet at their fair values at the date of acquisition. Further consideration may be payable to the vendor, contingent on the result of the acquired businesses in 2004. No provision has been made for further payments, based on the actual performance in 2004.

### Update on contingent liability

On 15 October 2003 the vendors claimed that the Group had breached a provision of the German purchase agreement concerning an adjustment relating to tax assets, and have issued a claim for €52,165,292 (£36,892,000), plus interest, for upfront payment for the tax assets as opposed to payment as the assets are utilised. The Group rejects this adjustment and legal proceedings are now pending between the parties. On the basis of legal advice received, the Board is confident that this claim is without merit and will be defended accordingly. No provision for this claim has been made in the Group's accounts.

### Analysis of the acquisition of GE CompuNet and GECITS Austria

Net assets at date of acquisition:

	Book value £'000	Adjustments £'000	Fair value to Group £'000
Tangible fixed assets	15,457	(4,003)	11,454
Investments	81	–	81
Stocks	34,438	(1,074)	33,364
Debtors	103,881	5,380	109,261
Creditors due within one year	(132,704)	(4,948)	(137,652)
Creditors due after one year	–	(2,690)	(2,690)
Provisions for liabilities and charges	–	(9,135)	(9,135)
	21,153	(16,470)	4,683
Discharged by:			
Fair value of net consideration			4,683
Goodwill arising on acquisition			–

Adjustments relate to the adoption of Computacenter's Group accounting policies and recognition of property provisions.

## Notes to the financial statements

continued

### 15 Stocks

	Group 2004 £'000	Group 2003 £'000
Goods held for resale	<b>120,087</b>	134,133

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

### 16 Debtors

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Trade debts factored without recourse				
– Gross debts	<b>82,097</b>	108,186	–	–
– Less non-returnable proceeds	<b>(39,043)</b>	(78,390)	–	–
	<b>43,054</b>	29,796	–	–
Other trade debtors	<b>321,750</b>	325,320	–	–
Amount owed by subsidiary undertaking	–	–	<b>90,000</b>	90,000
Other debtors	<b>40,664</b>	35,694	<b>34,219</b>	187
Prepayments and accrued income	<b>55,797</b>	48,186	–	–
Deferred tax	<b>1,433</b>	3,315	–	–
	<b>462,698</b>	442,311	<b>124,219</b>	90,187

Trade debts factored without recourse represent a proportion of the debts of the Group's French subsidiary. Under the terms of the arrangement certain trade debts are sold to the factor, who in turn advances cash payments in relation to these debts. The Group is not obliged (and does not intend) to support any losses arising from the assigned debts against which the cash has been advanced. In the event of default in payment of a debtor, the providers of finance seek repayment of cash advanced only from the remainder of the cash pool of debts in which they hold an interest; repayment is not required from the Group in any other way.

The interest expense in relation to this arrangement was £1,266,000 (2003: £720,000) and the administration expenses of the scheme were £478,000 (2003: 284,000).

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

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank overdrafts	58,637	46,535	–	–
Obligations under finance leases and hire purchase contracts (see note 19)	172	211	–	–
Trade creditors	178,752	207,145	–	–
Corporation tax	11,927	5,801	1,109	484
Other taxation and social security costs	43,671	29,740	–	–
Amounts owed to subsidiary undertakings	–	–	184,894	170,777
Accruals	88,920	89,915	103	1,557
Deferred income	90,665	78,179	–	–
Dividend payable	9,828	9,290	9,828	9,290
	<b>482,572</b>	466,816	<b>195,934</b>	182,108

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

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Loans (see note 20)	326	326	–	–
Deferred income	1	10,907	80,704	89,704
Other creditors	2,690	2,690	–	–
	<b>3,017</b>	13,923	<b>80,704</b>	89,704

### 19 Amounts due under finance leases and hire purchase contracts

	2004 £'000	2003 £'000
<i>Group</i>		
Amounts payable:		
Within one year	172	211

# Notes to the financial statements

continued

## 20 Loans

	Group 2004 £'000	Group 2003 £'000
Loans comprise:		
Wholly repayable within five years	326	326
Analysed as amounts due:		
Between one and two years	326	326

The loan due between one and two years comprises an amount of £326,000 relating to the Executive Share Option Scheme.

## 21 Provisions for liabilities and charges

(a) Provision for joint venture deficit

	£'000
<i>Group</i>	
At 1 January 2004	7,224
Share of loss retained by joint venture	411
Deemed disposal on dilution of shareholding	(1,516)
At 31 December 2004	6,119

(b) Other provisions

	Property provisions £'000	Deferred taxation £'000	Total £'000
<i>Group</i>			
At 1 January 2004	16,735	1,668	18,403
Arising in the year	693	–	693
Utilised	(653)	–	(653)
Capital allowances in advance of depreciation	–	(213)	(213)
Exchange adjustments	816	–	816
At 31 December 2004	17,591	1,455	19,046

Property provisions are based on the Directors' best estimates of the likely time before the relevant leases can be reassigned and range between 2 years and 12 years. The provisions in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European Operations are discounted at a rate based on Euribor.

	Deferred taxation £'000
<i>Company</i>	
At 1 January 2004	1,538
Capital allowances in advance of depreciation	(83)
At 31 December 2004	1,455

There are no potential deferred tax liabilities at 31 December 2004 (2003: nil). Note 9 (c) details those assets which have not been provided for.

## 22 Share capital

	2004 £'000	2003 £'000
<i>Authorised</i>		
<b>Equity</b>		
Ordinary shares of 5p each	<b>25,000</b>	25,000

	2004 No '000	2004 £'000	2003 No '000	2003 £'000
<i>Allotted, called up and fully paid</i>				
<b>Equity</b>				
Ordinary shares of 5p each	<b>189,790</b>	<b>9,489</b>	188,822	9,441

### Options

#### Executive Share Option Scheme

During the year, options were exercised with respect to 119,000 (2003: 4,067,800) 5p ordinary shares at a nominal value of £5,950 (2003: £203,000) and at an aggregate premium of £311,050 (2003: £2,482,000).

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of 237,000 shares lapsed and new options were granted over 1,324,205 shares. The numbers of shares under options outstanding at the year-end comprise:

Date of grant	Exercisable between	Exercise price	2004 Number outstanding	2003 Number outstanding
09/04/1996	09/04/1999 – 08/04/2006	41.25p	<b>150,000</b>	150,000
31/07/1997	31/07/2000 – 30/07/2007	160.00p	<b>539,700</b>	609,700
16/03/1998	16/03/2001 – 15/03/2008	300.00p	<b>427,400</b>	467,900
01/04/1999	01/04/2002 – 31/03/2009	565.00p	<b>115,578</b>	125,003
05/05/1999	05/05/2002 – 04/05/2009	565.00p	<b>244,400</b>	277,983
24/08/1999	24/08/2002 – 23/08/2009	565.00p	<b>8,849</b>	22,573
24/08/1999	24/08/2003 – 23/08/2009	565.00p	<b>13,724</b>	13,724
27/09/2000	27/09/2003 – 26/09/2010	380.00p	<b>997,139</b>	1,134,138
27/09/2000	27/09/2004 – 26/09/2010	380.00p	<b>256,665</b>	256,665
27/09/2000	27/09/2005 – 26/09/2010	380.00p	<b>256,665</b>	256,665
20/03/2001	20/03/2004 – 19/03/2011	333.50p	<b>158,995</b>	158,995
20/03/2001	20/03/2005 – 19/03/2011	333.50p	<b>150,000</b>	150,000
20/03/2001	20/03/2006 – 19/03/2011	333.50p	<b>200,000</b>	200,000
19/09/2001	19/09/2004 – 18/09/2011	245.00p	<b>100,000</b>	100,000
19/09/2001	19/09/2005 – 18/09/2011	245.00p	<b>50,000</b>	50,000
19/09/2001	19/09/2006 – 18/09/2011	245.00p	<b>50,000</b>	50,000
10/04/2002	10/04/2005 – 09/04/2012	322.00p	<b>852,482</b>	864,482
10/04/2002	10/04/2005 – 09/04/2012	331.00p	<b>66,000</b>	66,000
11/10/2002	11/10/2005 – 10/10/2012	220.00p	<b>85,000</b>	85,000
21/03/2003	21/03/2006 – 20/03/2013	266.50p	<b>1,261,000</b>	1,275,000
02/04/2004	02/04/2007 – 01/04/2014	424.00p	<b>1,236,000</b>	–
14/10/2004	14/10/2007 – 13/10/2014	311.50p	<b>64,205</b>	–
			<b>7,283,802</b>	6,313,828

# Notes to the financial statements

continued

## 22 Share capital continued

### Computacenter Performance Related Share Option Scheme

Under the Computacenter Performance Related Share Option scheme, options granted will be subject to certain performance conditions designed to produce significant and sustained improvements in the Group's underlying performance. During the year options over 283,017 shares were granted, no options were exercised and none lapsed. At 31 December 2004 the number of shares under outstanding options were as follows:

Date of grant	Exercisable between	Exercise price	2004 Number outstanding	2003 Number outstanding
20/03/2001	20/03/2004 – 19/03/2011	333.50p	<b>84,708</b>	84,708
10/04/2002	10/04/2005 – 09/04/2012	322.00p	<b>280,666</b>	280,666
21/03/2003	21/03/2006 – 20/03/2013	266.50p	<b>433,863</b>	433,863
21/03/2003	21/03/2007 – 20/03/2013	266.50p	<b>200,000</b>	200,000
02/04/2004	02/04/2007 – 01/04/2014	424.00p	<b>283,017</b>	–
			<b>1,282,254</b>	999,237

### Computacenter Sharesave Scheme

The Company operates a 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. All options granted to UK employees under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. In the case of options granted to employees based overseas, all option exercises are satisfied by new issue shares. During 2004, options over 2,988 shares were exercised by overseas employees and satisfied by new issue shares. Under the scheme the following options have been granted and are outstanding at the year end:

Date of grant	Exercisable between	Share price	2004 Number outstanding	2003 Number outstanding
August 1998	01/09/2003 – 28/02/2004	670.00p	–	6,484
September 1998	01/12/2003 – 31/05/2004	425.00p	–	159,778
September 1999	01/12/2004 – 31/05/2005	565.00p	<b>8,533</b>	9,905
September 2000	01/12/2003 – 31/05/2004	435.00p	–	5,916
September 2000	01/12/2005 – 31/05/2006	435.00p	<b>3,101</b>	3,101
January 2001	01/02/2004 – 31/07/2004	350.00p	–	132,280
January 2001	01/02/2006 – 31/07/2006	350.00p	<b>61,246</b>	77,858
October 2001	01/12/2004 – 31/05/2005	185.00p	<b>315,689</b>	1,171,308
October 2001	01/12/2006 – 31/05/2007	185.00p	<b>517,498</b>	577,073
October 2002	01/12/2005 – 31/05/2006	220.00p	<b>631,789</b>	703,504
October 2002	01/12/2007 – 31/05/2008	220.00p	<b>494,160</b>	555,967
October 2002	01/12/2007 – 31/05/2008	225.00p	<b>41,322</b>	62,346
October 2003	01/12/2006 – 31/05/2007	395.00p	<b>468,297</b>	584,538
October 2003	01/12/2008 – 31/05/2009	395.00p	<b>225,833</b>	278,617
October 2003	01/12/2008 – 31/05/2009	417.00p	<b>9,165</b>	9,803
October 2004	01/12/2007 – 31/05/2008	335.00p	<b>595,176</b>	–
October 2004	01/12/2008 – 31/05/2009	316.00p	<b>14,956</b>	–
October 2004	01/12/2009 – 31/05/2010	335.00p	<b>216,652</b>	–
			<b>3,603,417</b>	4,338,478

The Group has taken advantage of the SAYE exemption available under UITF 17 in accounting for options granted under the Sharesave scheme.

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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Investment in own shares £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
<i>Group</i>							
At 1 January 2003	9,237	69,004	100	(2,503)	–	166,792	242,630
Shares issued	204	2,482	–	–	–	–	2,686
Total recognised gains in the year	–	–	–	–	–	50,463	50,463
Equity dividends	–	–	–	–	–	(13,011)	(13,011)
At 31 December 2003	9,441	71,486	100	(2,503)	–	204,244	282,768
Shares issued	48	2,434	–	–	–	–	2,482
Total recognised gains in the year	–	–	–	–	–	43,943	43,943
Equity dividends	–	–	–	–	–	(14,101)	(14,101)
At 31 December 2004	<b>9,489</b>	<b>73,920</b>	<b>100</b>	<b>(2,503)</b>	<b>–</b>	<b>234,086</b>	<b>315,092</b>
<i>Company</i>							
At 1 January 2003	9,237	69,004	100	–	55,990	14	134,345
Shares issued	204	2,482	–	–	–	–	2,686
Total recognised gains in the year	–	–	–	–	–	81,948	81,948
Equity dividends	–	–	–	–	–	(13,011)	(13,011)
At 31 December 2003	9,441	71,486	100	–	55,990	68,951	205,968
Shares issued	48	2,434	–	–	–	–	2,482
Total recognised gains in the year	–	–	–	–	–	3,834	3,834
Equity dividends	–	–	–	–	–	(14,101)	(14,101)
At 31 December 2004	<b>9,489</b>	<b>73,920</b>	<b>100</b>	<b>–</b>	<b>55,990</b>	<b>58,684</b>	<b>198,183</b>

The cumulative amount of goodwill resulting from acquisitions which has been written off directly to reserves is £79,469,000 (2003: £79,469,000). All shareholders' funds are attributable to equity interests in the Company.

Own shares comprise the following:

### i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 1,427,042 (2003: 1,427,042) 5p ordinary shares of Computacenter plc purchased on behalf of the Computacenter Employee Share Ownership Plan ('the Plan').

None of these shares were awarded to executives of the Company under the Computacenter (UK) Limited Cash Bonus and Share Plan. Shares previously awarded are to be held on behalf of employees and former employees of Computacenter (UK) Limited and their dependants, excluding Jersey residents. The distribution of these shares is dependent upon the trustee holding them on the employees' behalf for a restrictive period of three years.

The definition of beneficiaries under the ESOP Trust includes employees who have been awarded options to acquire ordinary shares of 5p each in Computacenter plc under the other employee share plans of the Computacenter Group, namely the Computacenter Services Group plc Approved Executive Share Option Plan, the Computacenter Employee Share Option Scheme 1998, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter Sharesave Plus Scheme and any future similar share ownership schemes.

All costs incurred by the Plan are settled directly by Computacenter (UK) Limited and charged in the accounts as incurred.

The Plan Trustees have waived the dividends 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.

# Notes to the financial statements

continued

## 23 Reconciliation of shareholders' funds and movements on reserves continued

### ii) Computacenter Qualifying Employee Share Trust ('the QUEST')

During the year the Quest used the proceeds from UK sharesave option exercises to subscribe for 845,812 new 5p ordinary shares. The total shares held are 927,640 (2003: 1,031,134). All of these shares will continue to be held by the Quest until such time as the Sharesave options granted against them are exercised. The market value of these shares at 31 December 2004 was £2,699,000. The Quest Trustees have waived dividends in respect of all of these shares.

### iii) Computacenter Trustees Limited

During the year no new awards of share allocations were made under the Computacenter Bonus Plus Share Plan. As at the year-end date the total number of shares held by Computacenter Trustees Limited was 457,796 (2003: 457,796) shares of which nil (2003: nil) shares are allocated against the Bonus Plus awards and 457,796 (2003: 457,796) shares are unallocated shares. Dividends are paid in respect of the allocated shares but waived in respect of the unallocated shares.

## 24 Reconciliation of operating profit to operating cash flows

	2004 £'000	2003 £'000
Operating profit	65,743	65,938
Depreciation	18,382	22,665
Amortisation of positive goodwill	281	544
Impairment of positive goodwill	–	46
Amortisation of negative goodwill	(532)	(4,261)
Revaluation of listed investment	–	(292)
Loss on disposal of fixed assets	804	914
Profit on disposal of investment	(1,603)	–
Dividend received from associate	509	–
Increase in debtors	(23,081)	(16,963)
Decrease/(increase) in stocks	14,278	(4,908)
Decrease in creditors	(13,532)	(8,432)
Currency and other adjustments	(929)	(1,730)
Net cash inflow from operating activities	60,320	53,521

## 25 Analysis of gross cash flows

	2004 £'000	2003 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	4,359	3,249
Interest paid	(3,439)	(4,203)
Dividend received	23	–
Net cash inflow/(outflow) for returns on investments and servicing of finance	943	(954)

	2004 £'000	2003 £'000
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(14,208)	(14,112)
Receipts from sales of tangible fixed assets	1,967	–
Receipt from sale of investment	4,650	–
Investment in joint venture	–	(450)
Net cash outflow for capital expenditure and financial investment	(7,591)	(14,562)

## 25 Analysis of gross cash flows continued

	2004 £'000	2003 £'000
<b>Acquisitions and disposals</b>		
Payments to acquire interest in subsidiary undertakings	–	(36,883)
Receipt from sale of shares in associates	–	130
Payment to acquire business	–	(550)
Net cash outflow for acquisitions and disposals	–	(37,303)
<b>Financing</b>		
Issue of ordinary share capital	2,482	2,686
Net repayment of capital element of finance leases	(39)	(479)
Net cash inflow from financing	2,443	2,207

## 26 Analysis of changes in net funds

	At 1 January 2004 £'000	Cash flows in year £'000	Exchange differences £'000	At 31 December 2004 £'000
Cash at bank and in hand	96,997	42,169	16	139,182
Bank overdrafts	(46,535)	(11,937)	(165)	(58,637)
	50,462	30,232	(149)	80,545
Finance leases	(211)	39	–	(172)
Debt due after one year	(326)	–	–	(326)
Total	49,925	30,271	(149)	80,047

## 27 Other financial commitments

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

	2004 Land/buildings £'000	2004 Other £'000	2003 Land/buildings £'000	2003 Other £'000
<i>Group</i>				
Operating leases that expire:				
Within one year	920	9,368	1,970	10,673
Between two and five years	5,328	17,780	6,692	15,359
Over five years	5,974	–	6,262	104
	12,222	27,148	14,924	26,136

# Notes to the financial statements

continued

## 28 Capital commitments

At both 31 December 2003 and 31 December 2004 all future contracted Group capital expenditure had been provided for.

## 29 Contingent liabilities

The Group has given a VAT deferred import duty guarantee of £nil (2003: £500,000).

Computacenter plc has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £25,093,000 (2003: £25,828,000).

Computacenter plc has given a guarantee in the normal course of business to a customer of a subsidiary undertaking for an amount not exceeding £14,569,000 (2003: £nil).

Computacenter plc has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2004 is £32,496,000 (2003: £17,000,000).

Further contingent liability disclosure is included in note 14.

## 30 Related party transactions

### Group

Biomni, the joint venture between Computacenter plc and Lowkin 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 to Biomni amounted to £484,000 (2003: £1,751,000). Both PJ Ogden and PW Hulme are directors of and have a material interest in Lowkin Limited.

During the year Biomni issued new shares which were subscribed for by PJ Ogden and PW Hulme. As a result of this, Computacenter's shareholding in Biomni was reduced to 41.7% by the year end.

During the year, the Group supplied goods to Lowkin in the normal course of business totalling £26,930 (2003: £3,800). At 31 December 2004 Lowkin owed the Group £5,156 (2003: £nil).

## 31 Financial instruments

The Group's approach to managing financial risk is described in the Finance Director's review on pages 10 to 13.

### (a) Interest rate risk

#### Financial liabilities

The interest rate profile of the financial liabilities of the Group is as follows:

	At floating interest rates £'000	Interest free £'000	Total £'000
2004			
Sterling	9,023	172	9,195
Euro	67,530	2,691	70,221
Dollar	–	–	–
	76,553	2,863	79,416

	At floating interest rates £'000	Interest free £'000	Total £'000
2003			
Sterling	326	8,463	8,789
Euro	45,725	11,173	56,898
Dollar	810	–	810
	46,861	19,636	66,497

### 31 Financial instruments continued

The financial liabilities of the Group comprise:

	2004 £'000	2003 £'000
Other borrowings	58,963	46,861
Finance leases	172	211
Other creditors due after one year	2,690	2,690
Property provisions	17,591	16,735
	<b>79,416</b>	66,497

### Financial assets

The interest rate profile of the financial assets of the Group is as follows:

	At floating interest rates £'000	Asset on which no interest is earned £'000	Total £'000
<i>2004</i>			
<i>Financial assets</i>			
Sterling	136,419	52	136,471
Euro	2,269	190	2,459
Dollar	153	99	252
	138,841	341	139,182

	At floating interest rates £'000	Asset on which no interest is earned £'000	Total £'000
<i>2003</i>			
<i>Financial assets</i>			
Sterling	92,709	3,055	95,764
Euro	2,038	48	2,086
Dollar	375	1,818	2,193
	95,122	4,921	100,043

The financial assets of the Group comprise:

	2004 £'000	2003 £'000
Cash and deposits	139,182	96,997
Long-term equity investments	-	3,046
	<b>139,182</b>	100,043

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.

# Notes to the financial statements

continued

## 31 Financial instruments continued

### (b) Currency exposure

As described in note 14, the Group has recognised a debtor of €52,165,292 in respect of the acquisition made in the previous year. Other than this amount 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.

To mitigate foreign currency risk, material contracted transactional amounts not denominated in local currencies of Group companies are hedged by means of forward contracts. At 31 December the Group held open various forward foreign currency contracts as follows:

	Buy currency	Sell currency	Value of contracts	Contract rates
<b>2004</b>				
UK				
	Euros	Sterling	€60,662,000	1.452 – 1.484
	Dollars	Sterling	\$2,300,000	1.921 – 1.945
	Sterling	Dollars	£363,278	1.927 – 1.927
Germany				
	Dollars	Euros	\$5,125,000	1.328 – 1.361
France				
	Dollars	Euros	\$1,400,000	1.230 – 1.230

	Buy currency	Sell currency	Value of contracts	Contract rates
<b>2003</b>				
UK				
	Euros	Sterling	€10,610,000	1.404 – 1.415
	Dollars	Sterling	\$2,200,000	1.742 – 1.750
	Dollars	Euros	\$8,800,000	1.223 – 1.239

### (c) Maturity of financial liabilities

	2004 £'000	2003 £'000
In one year or less, or on demand	<b>61,166</b>	48,176
In more than one year but not more than two years	<b>4,577</b>	4,446
In more than two years but not more than five years	<b>5,140</b>	4,361
In more than five years	<b>8,533</b>	9,514
	<b>79,416</b>	66,497

### 31 Financial instruments continued

#### (d) Undrawn committed borrowing facilities

The Group has various available borrowing facilities. The undrawn committed facilities available at 31 December 2004 in respect of which all conditions precedent had been met were £58,894,000 (2003: £13,896,000). All of these facilities are subject to annual review.

#### (e) Fair value of financial instruments

	2004 Book value £'000	2004 Fair value £'000	2003 Book value £'000	2003 Fair value £'000
Interests in equities	–	–	3,046	3,046
Cash and deposits	<b>139,182</b>	<b>139,182</b>	96,997	94,242
Other borrowings	<b>59,135</b>	<b>59,135</b>	47,072	47,072
Other creditors due after one year	<b>2,690</b>	<b>2,690</b>	2,690	2,690
Property provisions	<b>17,591</b>	<b>17,591</b>	16,735	16,735
Forward foreign currency contracts	–	<b>1,949</b>	–	(75)
	<b>79,416</b>	<b>81,365</b>	66,497	66,497

Other than the forward currency contracts above, which unwind within one year, there are no other unrecognised amounts.

The Group has taken advantage of the exemption under FRS13 to not include short-term debtors and creditors within the numerical disclosures.

### 32 Post balance sheet event

The disposal of Computacenter Austria to S&T System Integration & Technology Distribution AG was expected to complete during March 2005, for a consideration of €1,080,000. This has resulted in the Group taking an exceptional charge in its 2004 result of £2,356,000. S&T will become Computacenter's International Partner for service delivery in Austria and other countries across Central and Eastern Europe.

On 31 January 2005 the Group's holding in its joint venture was further diluted to 38.5% following a new share issue by Biomni. PJ Ogden and PW Hulme subscribed for these new shares.