

**Northamber plc**  
**Report and Accounts**  
**Year ended 30 June 2016**  
**Company Number 01499584**

TUESDAY



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20/12/2016  
COMPANIES HOUSE

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## SUMMARY INFORMATION

Northamber plc and its subsidiaries are primarily distributors of computers, peripheral equipment and related services to resellers who then sell on to the general public and corporations – the end users.

The company's shares were admitted to trading on AIM a market operated and regulated by the London Stock Exchange under stock symbol "NAR."

The shares were formerly traded on the full listing of the London Stock Exchange

### Summary of last five years' trading

	Years ending 30 June				
	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Revenue	61,844	65,452	62,865	77,521	100,615
(Loss)/Profit before tax	(1,233)	(886)	(1,155)	(1,047)	37
(Loss)/earnings per share	(4.38)p	(3.15)p	(4.10)p	(3.49)p	(0.01)p
Net Assets per share	67.9p	72.7p	76.4p	81.0p	85.7p
Dividends per share (net)	0.4p	0.6p	0.6p	1.05p	1.3p

## CHAIRMAN'S STATEMENT

### Results

As we continue our transition into more consultative, solution driven sales, I am pleased to be able to announce an increase in gross profit to £4.8 million, driven by a gross margin ("GM") improvement to 7.8%. This is a significant increase from just over 7% for the previous year, especially against a challenging industry background and shows the traction we are making in evolving the business. Unfortunately whilst margins increased, so did losses. This stemmed from increased administration costs, of which recruitment was a significant contributor, as we invested in building our future presence in these strategically important categories and sectors organically.

As we increased our focus on these higher margin solutions categories, we also moved away from some of our lower margin more transactional business, leading to an overall reduction in turnover of some £3.6 million to a total of £61.8 million compared with £65.4 million for last year. We now look at the business as 3 mutually reinforcing units, namely: "Wholesale" which provides a wholesale function for IT products: "Solutions" which focuses on a consultative approach to newer IT technologies with a heavy value-add: and "Retail" which focuses on providing consumer goods to national retailers.

The far more promising, newer technologies and higher margin added value areas, we labelled "Solutions", increased its GM year on year contribution significantly despite investment and staff recruitment costs. This division is an area with a strong potential that we are focusing on heavily. The Retail sector of our business which is driven by the strength of our experienced logistics and I.T. systems is always subject to the vagaries of the retail industry demand generation focus. Whilst a profitable contributor, it was nonetheless disappointing to experience a significant decline in revenue, albeit with retained margins.

In order to fully benefit from the strategy of providing higher margin Solutions, we have made significant investment in recruiting and training more experienced staff who can add value to very specialised products and gain the additional levels of margin. Whilst we are confident that this strategy will prove successful, and will be more fully reflected in the outcome for the current financial year, we cannot avoid the impact of the additional staff recruitment fees.

The reported operating loss of £1.29 million, disguises an annual gross profit improvement of £218,000. The increase in reported loss of £360,000 over the prior year is partly due to the previously advised needs for key recruitment and associated costs. Those increased costs are included within the overall figure of £578,000 over the prior year.

### Balance Sheet

During these challenging times of significant movements in structure and profile, of both the industry, our sector and consequently within our company, the need for conservation and control of finances becomes ever more important and critical.

We have always been extremely careful in the management of our finances and assets, and have always placed great emphasis on liquidity and cash

I am pleased to be able to state each year that our balance sheet continues to be strong, our liquidity ratios more than adequate, our assets unencumbered and our cash balances positive. This year is no different and with cash at the year- end standing at £5.4 million, it is almost exactly the same as at the last year end.

Net Assets per share have inevitably declined to 67.9p per share (2015: 72.7p) although still well above the average share price in the year.

## **Dividend**

As always, the subject of dividend is complicated by the message it also sends. Your board has taken particular consideration of the underlying improvement in the newer business areas, plus the strength of our ongoing debt free, tangible asset base.

At a total cost of £28,159 your Board is proposing a final dividend of 0.1p per share. The dividend will be paid on 18 January 2017 to shareholders on the register as at 9 December 2016.

## **Staff**

Whilst we have maintained a lean management structure, it remains key that we continue our search for the right individuals to drive our forward management strategy.

With an incredibly high percentage of long serving members of staff plus those more recently joined, I am very grateful to all our staff for their support and focus.

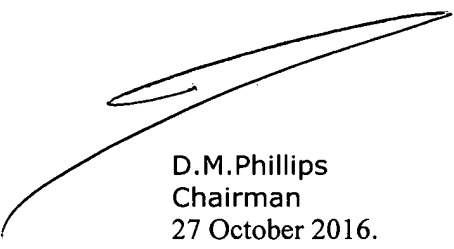
## **Board**

Geoff Walters, with his non-executive financial skills, has made a very welcome contribution to the board in the role previously held by Gordon Hamilton.

## **Outlook**

Although the forecast post referendum gloom has not yet happened, and hopefully will not be too great if and when it does become reality, the short and medium term future is fraught with uncertainty. In view of the history of the last few years I am, to say the least, cautious. We are hopeful that the moves we have made in the profile and structure of the business will continue to develop the more profitable sides of the business and that we shall be in a position to move towards profitability sometime in the not too distant future, although I do not expect to reach that position within the next twelve months.

The company remains well placed to deal with both challenges and opportunities alike and the board is confident that the change in direction will prove fruitful in the years ahead.



D.M. Phillips  
Chairman  
27 October 2016.

## STRATEGIC REPORT

This report provides an overview of the company's strategy, its business model and a review of how the company has performed for the year. It also sets out the principal risks involved in its business and the financial position of the company at the year end. There are also some comments and observations on the future prospects for the company.

### 1. The Company's Strategy

As explained below in the notes on the business model, the company is not directly involved with the ultimate users of the products it sells. Acting as a hub through which manufacturers provide products to resellers for sale to the ultimate end user.

This being the case requires us to develop strategies with both suppliers and resellers to satisfy the needs of those ultimate users of the products.

Our strategy always has been to assess the requirements of the end users and then source quality products and services from reliable brand named manufacturers and make them available to resellers at the best prices in the most efficient time frame. With an ever changing product range it has also been part of our strategy to support fresh new products which will be attractive to end users.

In addition to the supply of hardware and software products we also ensure that our customers are provided with the technical support either directly or through the suppliers which they may require to effectively use the high tech products we sell. Thus ensuring quality of supply and satisfaction to users.

### 2. The Business Model

The Group has, since its inception, been involved in the distribution of electronics and computer related products. Initially this was predominantly printers but has been extended over the years to include not only computers themselves but also a wide range of peripheral and ancillary related products.

The Group has a two pronged approach in driving the business, being both demand driven and supply driven. The demand drivers are the requirements of our customers where we strive to provide a wide range of products and get them to the customer in the quickest possible time and at acceptable prices. The supply drivers are the requirements of our suppliers – the vendors. Vendors in the main are one of two types, there is the major brand type of supplier who is looking for us to increase its turnover, to physically get them to the customer and bear the risk of the customer defaulting. The second type of supplier differs only in that they tend to be the smaller producers, who often develop new or innovative products and are looking for a method of reaching an established wide ranging customer base which is beyond their own resources.

Our business model is to satisfy all those wants by providing a marketing and selling operation to optimise the penetration of the products to the customers and a distribution facility which includes warehousing and bulk breaking using sophisticated systems and procedures to achieve a first class delivery service.

### 3. Key Performance Indicators

The group has an extensive management reporting system and uses a wide variety of information in its everyday management of the business, including both those of a financial and non-financial nature. This information is tailored to the various aspects of the business with individual managers being responsible for variances in movements within their particular sphere of operations to the executive management of the company. The majority of this information is highly sensitive and it is considered by the directors that it would be commercially disadvantageous to the company to identify the information used in a public document such as this Annual Report.

## STRATEGIC REPORT (continued)

Some of the broader KPIs which are used and which have been reported elsewhere in our Annual Reports are the following:-

Ratio	Format	2015-16	2014-15
Revenue	£m	61.8	65.5
Gross Profit	%	7.79	7.03
Stock Turn	Times	11.4	13.5
Debtor Days	Days	41	47
Good Debtors (Net Trade Receivables)	£m	8.3	10.0
Creditor Days	Days	38	34
Net Assets per share	Pence	67.9	72.7
Working Capital Ratio * <sup>1</sup>	Times	1.9	2.1

\*<sup>1</sup> Working Capital Ratio is calculated by adding Inventory and Net Trade Receivables, divided by Trade Payables

Debtor days have decreased due to change of mix in customers with varying credit terms.

Net Assets per share have fallen due to dividend payments and the loss reported for the period.

### 4. Performance Review

For some time the company has been following a strategy of change away from the basic hardware type products which are in the main physically larger type products with relatively low margin and subject to great price pressure, towards more application intensive type products where there is greater scope for adding value and gaining margin.

Although this process of change was already initiated in previous periods it was intensified in the current year and particularly during the second half of the period. However such changes need very careful planning and implementation to minimise the inevitable consequences which usually includes not only significant costs upfront before the benefits of the changes are manifest but also some tail off of some parts of the existing business.

There was a continuation of the move towards consolidation in some parts of the industry, particularly in relation to those parts of the industry towards the ultimate consumer end of the industry. This also impacted adversely on the company in the second half of the year, although steps are being taken to also benefit from this consolidation effect elsewhere.

The underlying changes which have been and are continuing to be made to the structure of the business will, it is anticipated, make significant improvements in both turnover and margins in due course, although it will take a little time before they are seen to be fully effective and reflected in results.

## STRATEGIC REPORT (continued)

### 5. Financial Review and Position

Turnover decreased by £3.6 million compared with the previous year. The average debtor days decrease from 47 to 41 and the average creditor days increased from 34 to 38.

As a result of the above, our cash balance at the end of financial year was the same as last year at £5.4m whilst remaining debt free.

Some 41.8% of the Net Assets comprise the depreciated holding value of freehold properties, 28.6% cash and the balance working capital. The Net Assets were 67.9p per share which represented more than the highest share price of 44.0p in the year.

### 6. Principal Risks and Uncertainties

#### Financial Risks

The group uses various financial instruments, including cash, equity, trade receivables and trade payables in the course of its operations.

The use of these instruments gives rise to risks associated with exchange rate risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies to deal with each of these risks as summarised below.

#### Exchange Rate Risk

The group purchases some of its products in foreign currency. Foreign currency purchases are subject to close management supervision. The directors are informed regularly of the potential impact of exchange rate movements on the business and act to mitigate any adverse movement wherever possible. It is the group's policy not to speculate in derivative financial instruments in either sterling or foreign currencies, nor to hedge translation or currency exposures.

#### Liquidity Risk

The group seeks to manage financial risk of liquidity by ensuring it has sufficient cash resources available to meet foreseeable needs at all times through cash flow forecasting.

#### Interest Rate Risk

The group's exposure to interest rate risk is principally with its cash asset.

It is the policy of the Group not to have long term loans or other financial instruments except in particular circumstances and when specifically approved by the board. There have been no changes in the role of financial instruments during the year.

## STRATEGIC REPORT (continued)

### Credit Risk

The group and company's principal financial assets are cash and trade receivables. The credit risk associated with cash is reduced through deposits being split across a number of banks. The credit risk arising from the group and company's trade receivables is reduced through prescribing credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

### Other Principal Risks and Uncertainties

Other than the risks stated above and the marketing risk, which is addressed below, in the opinion of the directors, the principal operating risks are as stated in the section on Internal Control on page 21. The risks and uncertainties associated with the business model are set out below.

The model depends in part on working closely with the brand names in the industry as it is often the products from these vendors which form the core of the business, and in part on the development of new vendors particularly for the innovative products which are integral to the IT industry. Co-operation with vendors is therefore key and this risk of attrition is addressed by a combination of mutual co-operation with vendors on the range of products being offered, the pricing of those products and the marketing of those products. The company's continual search for new and improved products, particularly in peripherals, from new vendors also improves the range of products we can offer and thereby attract more customers to ourselves which enhances our attraction to the vendors and reduces the risk of loss of vendors.

The existence of the group's facilities such as the warehouse, the sales staff, the control systems and not least the financial soundness of the company means that we can offer a distribution facility which is quick and efficient, an attraction to both vendors and customers. The principal risks involved in these requirements are that the warehouse could be destroyed or made inoperable – the cost of such eventuality is of course covered by insurance, including loss of profits cover, but the operation is such that alternative accommodation could quickly be brought into action, or alternatively – a warehousing function could be subcontracted at very short notice. Although such an event would have costs attached and would cause some disruption in the business, it would be far from catastrophic.

All systems within the group, including the control systems, are backed up securely on a daily basis, thus limiting the risk to one day's operations. The financial soundness of the company is a matter which is constantly in the minds of the senior staff and directors of the company. Systems are in place to ensure that any deviation from the norm is immediately brought to the attention of staff and directors. These systems have a proven history as shown in the strength of the balance sheet. Not only has the company sufficient working capital to enable it to meet its requirements, but it believes that it has an untapped resource in borrowing on its substantial assets should it require to do so.

### Market Risk

The group is subject to both general market conditions and particularly to those affecting its own particular industry. The company is a distributor of other businesses' products and is therefore dependent on the suppliers of such products to continue to provide products which are required by the customers of the company, at prices which are acceptable to those customers. This is managed within the company by being alert to all the movements in the market place relating to both products and suppliers and to negotiating with existing and prospective suppliers for the supply of goods on the best possible terms to enable the company to trade effectively.

Where products are bought in foreign currency, the company manages the risk inherent in such currencies by continuously updating its rates of conversion in calculating its costs to ensure prices remain competitive and in order to minimise the currency conversion risk.

## STRATEGIC REPORT (continued)

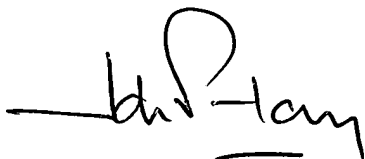
The Company recognises the importance of providing additional services to its customers in relation to next day deliveries, credit limits, handling queries efficiently and maintaining a strong relationship with the customer and in this way aims to resist the competitive pressures in the sector.

### 7. Future Prospects

Your board's long term approach to investment decisions is well documented and often referenced in these statements. This approach was continued in the last year as we invested in a significant number of new staff who joined us with the necessary skills to develop our new focus categories and help drive the business forward. This coupled with other investments in new vendors, customer acquisition and our renewed strategy leave us excited about the revenue and margin opportunities for the coming year as we continue on an accelerated path to recovery and profitability.

We see significant potential in both our existing vendors and categories and the new categories we are developing and exploring. We will continue our customer-centric focus and ensuring that our offering and service levels allow our customers to profitably grow their business and consequently grow ours.

By order of the Board

A handwritten signature in black ink, appearing to read 'J.P. Henry', with a stylized flourish at the end.

J.P. Henry  
Operations Director  
27<sup>th</sup> October 2016

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 30 June 2016.

The financial statements include the individual entity Northamber plc and its wholly owned subsidiary Anitass Limited. Anitass Limited owns the freehold of the premises at Weybridge which is the group's distribution centre. The other subsidiaries of Northamber plc are dormant and not material to the financial statements for the year to 30 June 2016.

### Principal Activities

The group's and company's principal activities are those of specialist supply of computer hardware, computer printers and peripheral products, computer telephony products and other electronic transmission equipment.

### Financial Risks

The group uses various financial instruments including cash, equity and various items such as trade receivables and trade payables that arise directly from its operations. The existence of these instruments exposed the group to a number of financial risks, the main ones being exchange rate risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and these are summarised in the Strategic Report.

### Corporate Governance

The Corporate Governance Report on pages 17 to 22 forms part of the Directors' Report and is incorporated into this report by reference.

### Dividends

The following dividends were paid in the year ended 30 June 2016

	2016 £'000	2015 £'000
Ordinary dividends		
Previous year's final dividend paid	85	84
Interim paid	28	84
	<u>113</u>	<u>168</u>

The final proposed dividend of 0.1p (2015: 0.3p) will be paid on 18 January 2017 to all members on the register at the close of business on 9 December 2016.

### Directors

The current directors of the company are listed on page 24.

### Share Capital

At 30 June 2016, the company had 28,158,735 (2015: 28,158,735) Ordinary shares of 1p each issued. The shares have no special rights and there is no restriction on their voting rights.

The company repurchased no ordinary shares of 1p each in the year.

## **REPORT OF THE DIRECTORS (continued)**

### **Substantial Shareholdings**

The company has been notified that the following shareholders held beneficial interest of 3 per cent or more of the company's issued share capital at 30 June 2016.

	Ordinary Shares of 1p each
Mr D.M. Phillips	61.23%
BNY(OCS) Nominees Limited	11.24%
Mr H.W. Matthews	3.57%
Mr & Mrs J.Rockliff	3.55%
Quiros Limited	3.32%

### **Purchase of Own Shares**

At the end of the year, the directors had authority, under the shareholders' resolutions of 15 December 2015 to purchase through the market 2,815,874 (2015: 2,815,874) of the company's ordinary shares at prices ranging between 1p and 105% (2015: 1p and 105%) of the average middle market quotations for those shares as derived from the Daily Official List of the London Stock Exchange on the ten dealing days immediately preceding the day on which the shares are contracted to be purchased. This authority expires on 14 December 2016, the date of the next Annual General Meeting.

### **Auditors**

A resolution to appoint Grant Thornton UK LLP as the group's auditors will be proposed at the forthcoming Annual General Meeting.

### **Social and Community Policy**

The group has a policy of being socially responsible. To this end it treats all its stakeholders and its neighbours in a fair and reasonable manner in that all its actions are designed to optimise the benefits and minimise any aggravation to its employees, suppliers and customers as well as those in the community generally. Operations are conducted in a business-like manner and any nuisance which could possibly arise from such operations are pre-considered and minimised. Such matters as bulk deliveries are scheduled to reduce to a minimum any local congestion and car parking is provided to staff to avoid any on street parking causing any offence.

### **Environmental Policy**

The main environmental matters arising from the company's operations on the environment, apart from the matters stated above relating to traffic, are packaging and waste. Due to the type of operation carried out by the company, i.e. the distribution of computer related products to other than end users, the need for packaging is crucial to the state and quality of the products eventually received by the end user (the consumer). Although excess packaging is discouraged, the company is largely in the hands of its suppliers regarding the packaging actually involved in selling products. Any surplus packaging which remains with the company is disposed of in an environmentally considered manner. The company attempts wherever possible to enforce, as one of its terms of trade with its suppliers, the undertaking to dispose of waste and returned products in accordance with the regulations. Any waste produced by the company is similarly disposed of.

### **Amendment of Articles of Association**

Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the company's shareholders.

### **Appointment and Replacement of Directors**

Unless otherwise determined by the company in general meeting, the directors shall not be fewer than two or more than ten.

A director does not require any shareholding in the company as qualification shares and there is no restriction on the age of a director.

## **REPORT OF THE DIRECTORS (continued)**

### **Appointment and Replacement of Directors (continued)**

A director may be appointed by the company by ordinary resolution, or by the board. A director appointed by the board holds office only up to the date of the next following annual general meeting and is then eligible for reappointment. The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate such appointment.

At every annual general meeting of the company, whoever has been appointed by the board since the last annual general meeting retires from office but is eligible for reappointment. One third of the directors retire by rotation at each annual general meeting but they are eligible for reappointment. Any non-executive, director who has been a director of the company for nine years or more, retires each year but is eligible for reappointment.

### **Power of the Directors**

Subject to the company's Memorandum of Association, the Articles and any directions given by the company by special resolution, the business of the company will be managed by the board who may exercise all the powers of the company, whether relating to the management of the business or not. In particular the board may exercise all the powers of the company to borrow money, to mortgage or charge any of its undertaking, property or assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the company or of a third party.

### **Contractual Relationships**

By the nature of its business, the company has contractual relationships with virtually all of its suppliers. Such contracts are entered into and terminated on a regular basis with new suppliers being taken on and with some being terminated either by mutual consent or if, in the opinion of the company, they are no longer viable. Because product development continues to change dramatically over a relatively short period of time, such change is not only inevitable, it is also highly desirable to ensure that the company continues to be able to meet the demands of its customers.

Similarly there are written contracts with all of the company's customers so that they are fully aware of our terms of trade and to safeguard as far as possible against any losses arising from trading with them. During the year to 30 June 2016 there were no significant changes in either the terms of trade encompassed within these contracts nor any significant change in the range and size of our customers. There are no contractual arrangements which are considered essential to the business of the group.

### **Employees**

Every effort is made to keep staff as fully informed as possible about the operations and progress of the company. This is achieved through regular communication from the Operations Director to all staff and from the CEO to the Operational Management team meetings.

The group encourages its staff to pursue career development and to that end has made available resources for training courses including video and computer training aids.

Applications received from disabled persons are given full and equal consideration but are small in number as our type of business does not seem to attract such applicants. The company fulfils its obligations towards employees who are disabled or who become so whilst in the employment of the company.

By order of the Board



S. Yoganathan ACMA  
Company Secretary  
27 October 2016

## **REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION**

### **Remuneration Committee**

The Remuneration Committee comprised the non-executive directors Mr R.F. Heath and Mr G.P. Walters, with Mr R.F. Heath the chairman of the committee. This committee meets at least once a year and decides the remuneration policy that applies to executive directors.

In setting the policy it considers a number of factors including:

- (a) the basic salaries and benefits available to executive directors of comparable companies;
- (b) the need to attract and retain directors of an appropriate calibre and experience; and
- (c) the need to ensure executive directors' commitment to the continued success of the company by means of incentive schemes.

The group's remuneration policy for executive directors is to:

- (a) have regard to the directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality;
- (b) link individual remuneration packages to the company's performance through target-related bonuses which are not considered to be excessive in terms of salary;
- (c) provide employment-related benefits including the provision of a company car, life assurance, insurance relating to the directors' duties and medical insurance.

The final determination of an individual director's remuneration is taken by the board as a whole but with no director participating in the discussions, nor voting on his own remuneration package.

The non-executive directors each receive a fee for their services which is agreed by the Board following recommendation by the chairman. The non-executive directors do not receive any pension or other benefits from the company, nor do they participate in any of the bonus or incentive schemes.

When reviewing or amending remuneration arrangements the committee considers any impact on the cost to the company, employee behaviour, stakeholders (including shareholders, governance bodies and employees) best practice, corporate governance and market competitiveness.

### **Salaries and Benefits**

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages for executive directors. The remuneration packages are benchmarked to ensure comparability with companies of a similar size and complexity. The bonuses have regard to personal performance measured against pre-stated objectives and profitability of the company.

### **Share Options**

There are no share option schemes in force in the group or company.

### **Contracts of Service**

The two executive directors, Mr D.M. Phillips and Mr J.P. Henry, have service contracts. Both contracts are one year rolling contracts and contain no specific provisions in relation to any termination payments over and above the notice periods as stated below.

Mr D.M. Phillips	- Notice period – six months
Mr J.P. Henry	- Notice period – six months

The non-executive directors do not have service contracts with the company. The terms of their appointment are reviewed by the board every two years.

## REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

### Directors' Detailed Emoluments

Details of directors' emoluments are as follows:

	Salaries and Fees		Benefits		Pension		Total	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Executive</b>								
Mr D.M. Phillips	-	-	11	13	-	-	11	13
Mr J.P. Henry	70	70	6	6	10	10	86	86
<b>Non-Executive</b>								
Mr R.F. Heath	18	15	-	-	-	-	18	15
Mr G.P. Walters (from 22 February 2016)	7	-	-	-	-	-	7	-
Mr A.G.K. Hamilton (Resigned on 12 January 2016)	9	15	-	-	-	-	9	15
	<u>104</u>	<u>100</u>	<u>17</u>	<u>19</u>	<u>10</u>	<u>10</u>	<u>131</u>	<u>129</u>

For the year ended 30 June 2016, Mr D.M. Phillips has waived £180,000 of his salary (2015: £180,000 was waived).

### Directors' Interests

#### Interests in Shares

Directors in office at 30 June 2016 had the following beneficial interests in the shares of the company:

Ordinary Shares of 1p each

	30 June 2016	30 June 2015
Mr D.M. Phillips	17,243,055	17,243,055
Mr R.F. Heath	5,000	5,000
Mr A.G.K. Hamilton	-	-
Mr J.P. Henry	-	-
Mr G.P. Walters	-	-

Between 30 June 2016 and 24 October 2016 there have been no changes in the interests of the above named directors in the shares of the company.

The market price of the company's shares at 24 October 2016 was 32.0p. The range of market prices during the year was 31.0p to 44.0p



S. Yoganathan ACMA  
By order of the Board  
27 October 2016

## **CORPORATE GOVERNANCE**

The Corporate Governance Report forms part of the Directors' Report included here on pages 12 to 14.

The Group is committed to high ethical values and professionalism in all its activities. As an essential part of this commitment the Group supports the highest standards in corporate governance. The Board is accountable to the company's shareholders for good governance and this statement and the Directors' remuneration report describe how the principles of good governance set out in the UK Corporate Governance Code, published by the Financial Reporting Council are applied within the company. We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

### **CORPORATE GOVERNANCE POLICY**

The group's policy on Corporate Governance is published on the group's web site which is [www.northamber.com](http://www.northamber.com).

## **DIRECTORS**

### **Board of Directors**

The group is led and controlled through the Board of Directors, which during the year comprised two executive and two non-executive directors. Biographical details of each director in office during the year appear on page 24.

All directors have access to the advice and services of the company secretary and the board has established a procedure whereby any director may seek independent professional advice in the furtherance of his duties at the company's expense. All directors are able to allocate sufficient time to the company to discharge their responsibilities.

As required by the company's articles of association, directors offer themselves for re-election at least once every three years.

### **Non-Executive Directors**

The board considers that the non-executive directors were independent throughout the year. The non-executive directors actively contribute to the functioning of the board and bring a range of views and experience from different fields.

As part of their role, the non executive directors constructively challenge and develop proposals on strategy. The non executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They determine appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

The senior independent non executive director, as included in the biographical details on page 24, is available to shareholders if they have concerns which contact through the normal channels of chairman or other executive directors has failed to resolve or for which such contact is inappropriate.

## **CORPORATE GOVERNANCE (continued)**

### **Main Board Responsibilities**

The board meets formally at regular intervals during the year. Meetings are chaired by the executive chairman. The board is responsible for the overall direction and strategy of the group to secure optimum performance. The board has specified those areas of operations in the group which are specifically in its domain and may not be delegated; these matters include:-

- determination of the group's objectives and strategy
- all financial information which is published, including the interim results and management statements and the annual report and all other corporate communications
- decisions and recommendations on dividends
- changes in the group's business, its capital and corporate structure or its risk profile
- changes in the scope or operation of the group's internal control structure
- all board changes or changes in the company secretary
- the remuneration policy of the senior executives

All board members receive weekly summary financial information and monthly management accounts. All financial information which is to be published is also circulated for discussion and approval prior to publication. Information on other matters, as required, is also circulated by the company secretary. Any board member may request the company secretary to report on any specific matter and prepare information for discussion at the board meetings.

The board of the company comprises only four members and whilst formal board meetings are held at regular intervals, many of the matters are also discussed informally throughout the year. The operations director normally chairs the operations committee of the company which holds weekly meetings. It is at these meetings that the decisions of the board are communicated to the senior management who also sit on the operations committee. It is also this forum which reports back, through the operations director to the board, on the implementation of the decisions of the board. The operations committee also raises matters which they consider should be communicated to the board on any aspect of the business which comes within the matters reserved for the board.

### **Directors' Attendance**

The following table shows the attendance of directors at the board meetings held in the last year.

	<b>Board Meetings</b>
No of meetings:	
Mr David Michael Phillips	5
Mr John Phelim Henry	4
Mr Reginald Frank Heath	5
Mr Geoffrey Paul Walters	3
Mr Alexander Gordon Kelso Hamilton	2

## **CORPORATE GOVERNANCE (continued)**

### **Board Committees**

During the year the Audit Committee comprised of two non-executive directors, Mr R.F.Heath, Mr G.P. Walters (Appointed on 22 February 2016) and Mr A.G.K. Hamilton (Resigned on 12 January 2016)

### **Audit Committee**

The Audit Committee, currently chaired by Mr G.P. Walters, comprised the two non-executive directors, both of whom are considered by the board to be independent and to have sufficient recent and relevant financial experience to discharge the committee's duties.

The board considers that the members of the audit committee have the required understanding of:-

- the principles of, content of and developments in financial reporting, including the applicable accounting standards and statements of recommended practice,
- key aspects of the company's operations, including corporate policies, financing and systems of internal control
- matters that could influence or distort the presentation of accounts and key information
- the role of external auditors.

The primary function of the audit committee is to enable the board to monitor the integrity of the company's financial reports and manage the board's relationship with the external auditors. Its other functions include the review and monitoring of:-

- the financial reporting process
- the annual audit
- the effectiveness of the company's internal controls and risk management
- the independence of the external auditors.

The audit committee reports to the board its findings identifying any matters which it considers requires that action or improvement is required and makes recommendations on the steps to be taken.

The committee's terms of reference include all relevant matters required by the Disclosure and Transparency Rules and the relevant code provisions. The terms of reference of the audit committee have been reviewed and are available on request by writing to the company secretary at the registered address.

### **Overview of the Actions Taken by the Audit Committee to Discharge its Duties**

During the year the audit committee:-

- reviewed the June 2016 annual report and financial statements and the December half yearly and financial report. As part of the review the committee received a report from the external auditors on their audit of the annual report and financial statements
- reviewed the effectiveness of the company's internal controls
- reviewed and agreed the scope of the audit work to be undertaken by the external auditors
- agreed the fees to be paid to the external auditors for their audit of the 2016 report and financial statements
- reviewed the whistle blowing procedures in place to enable staff to raise concerns in confidence about possible wrongdoing
- considered the requirement for an internal audit function in the company and decided to recommend to the board that such a function was not necessary at this stage
- recommended that the board reappoint the external auditors

## **CORPORATE GOVERNANCE (continued)**

### **External Audit**

The engagement and independence of external auditors is considered annually by the Audit Committee before it recommends its selection to the board.

The Audit Committee concluded that it was in the best interests of the Group for the external auditors to provide a number of non-audit services during the year due to their experience, expertise and knowledge of the Group's operations.

Auditor objectivity and independence was achieved by ensuring that personnel involved in the non-audit work were not involved in the audit, and by ensuring that management took responsibility for all decisions made.

The fees paid to the Auditors in the year are disclosed in Note 4 to the Group financial statements.

Grant Thornton also follows its own ethical guidelines and continually reviews its audit team to ensure its independence is not compromised.

### **Remuneration Committee**

At the year end the Remuneration Committee comprised both non-executive directors and was chaired by Mr R.F. Heath. The committee meets at least once a year and is responsible for setting the remuneration policy and annual salaries that apply to executive directors.

### **Operations Committee**

The Operations Committee comprises the executive directors and certain senior business managers. It meets weekly, and deals with the operational matters of the company other than those dealt with by the Remuneration and Audit Committees or by the full board.

### **Board Effectiveness**

The role of the board is to ensure that the company is managed to optimise the benefits to its stakeholders including shareholders, staff, customers, suppliers and the community at large. To achieve this objective the board reserves to itself certain matters such as the formulation of strategy, the assessment of risk, and the setting of internal control systems. Certain areas of responsibility of the board are dealt with by committees of the board such as the audit committee and the remuneration committee reporting back to the main board. The implementation of the decisions of the main board is delegated to the senior management of the company through the Operations Committee chaired by the operations director.

During the year the board reviewed each aspect of its role to ensure that it was fulfilling its role effectively and that each director was individually making a full and effective contribution to the process. This was carried out by the chairman reviewing the individual and collective contribution of the board members against objectives and by the audit committee reviewing the performance of the chairman.

The result of that review was that, having reviewed each director's contribution and the requirements of the company as a whole, each director was effective and that the composition of the board was appropriate and more than adequate for the time being.

## **CORPORATE GOVERNANCE (continued)**

### **GOING CONCERN BASIS**

The group's activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report on pages 7 to 14. The financial position of the group, its cash flow and its liquidity position are described in the Chairman's Statement on pages 5 to 6. In addition, the Strategic Report also includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The group has considerable financial resources and established market profile and relationships with a number of suppliers and customers. As a consequence, the directors believe that the company is well placed to manage its business risks appropriately despite the current economic outlook.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

### **RELATIONS WITH SHAREHOLDERS**

The Directors are available to meet with the group's institutional shareholders throughout the year at request.

Notice of the Annual General Meeting (AGM) is circulated to all shareholders at least 21 days prior to the meeting. Directors attend the AGM and will be available to answer shareholders' questions.

### **ACCOUNTABILITY AND AUDIT**

#### **Financial Reporting**

The board believes that its Annual Reports and financial statements represent a balanced and understandable assessment of the company's position and prospects whilst also complying with the legal and regulatory requirements for financial reporting relevant to the company.

#### **Internal Control**

The board of directors has overall responsibility for the group's systems of internal control and for monitoring their effectiveness.

The board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues and has put in place an organisational structure with formally defined lines of responsibilities and delegation of authority. There are established procedures for planning, capital expenditure, information and reporting systems and for monitoring the company's business and its performance. The board has delegated to executive management the implementation of the systems of internal control within an established framework that applies within the company.

The group's control systems address key business and financial risks. The board considers the greatest risks to be related to the realisable value of current assets, principally inventories and trade receivables. Particular attention is paid to all matters relating to purchasing, inventories, revenues, trade receivables, cash, capital expenditure and foreign exchange. Comprehensive documented procedures are used and are available to all staff via the extensive computer system.

A system of control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. As and when areas of improvement are brought to the attention of the board and management steps are taken to further embed internal control and risk management into the operations of the business.

## **CORPORATE GOVERNANCE (continued)**

The board has considered the need for internal audit but has decided that because of the size of the group it cannot be justified at present.

A review of internal control was undertaken by the board in February 2016. The conclusion of this review was that the systems and operations of the internal controls including financial, operational and compliance controls remained effective and appropriate to the operations of the company.

### **Other Matters**

The Directors have published the company's Corporate Governance policies which the directors consider are relevant to the company on the company's website.

Induction programmes for new directors are specifically designed for each director as appointed as the content varies depending on the background and experience of the appointee. There is therefore no standard induction programme for new directors.

By order of the Board



S. Yoganathan ACMA  
Company Secretary  
27 October 2016

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the group financial statements and have elected to prepare the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

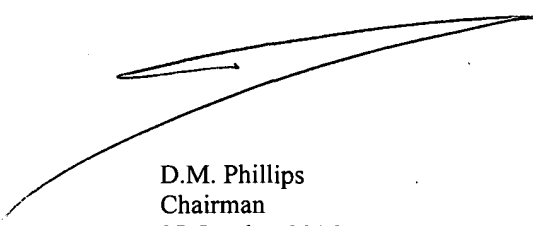
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- in so far as each is aware there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



D.M. Phillips  
Chairman  
27 October 2016

## DIRECTORS AND ADVISERS

### Non-Executive Directors

**Geoffrey Paul Walters \*†** (Age 64) ACA  
(Appointed on 22 February 2016)

Non executive director.

Geoffrey Walters has a vast experience in a wide range of industries and he is a Non executive director of South Kensington Consultants Ltd.

**Alexander Gordon Kelso Hamilton \*†** (Age 71) FCA  
(Resigned on 12 January 2016)

Senior independent non executive director.

Non executive director of Barloworld Ltd, Netbank Private Wealth Ltd and Petra Diamonds Ltd.

Gordon Hamilton was a partner in Deloitte & Touche LLP (and predecessor practices) for more than 30 years and retired as a senior audit partner in 2006.

**Reginald Frank Heath \*†** (Age 75) FCIS, FIMI

Non executive director.

Reginald Heath has over 30 years' experience in the motor trade, formerly being Director of Motor Operations at Inchcape plc.

\* Member of Remuneration Committee

† Member of Audit Committee

### Executive Directors

**David Michael Phillips** (Age 71)

Executive chairman

David Phillips is the founder of Northamber plc and has been actively involved with the company since its inception in the 1970s.

**John Phelim Henry** (Age 54)

Operations director

John Henry joined Northamber plc in 1992 in the Sales Department. He was promoted to Operations Director in 2012.

### Registered Office

Namber House  
23 Davis Road  
Chessington  
Surrey  
KT9 1HS

### Registrars

Computershare Services plc  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 7NH

### Registered Auditors

Grant Thornton UK LLP  
Chartered Accountants  
No.1 Dorset Street  
Southampton  
SO15 2DP

### Bankers

Allied Irish Bank (GB)  
Mayfair Branch  
10 Berkeley Square  
London  
W1J 6AA

Barclays Bank plc  
6 Clarence Street  
Kingston upon Thames  
Surrey  
KT1 1NY

### Nominated Advisor & Broker

Cantor Fitzgerald Europe  
One Churchill Place  
Canary Wharf  
London  
E14 5RB

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMBER PLC**

We have audited the financial statements of Northamber plc for the year ended 30 June 2016 which comprise the group and parent company statement of financial position, the group and company statement of comprehensive income, the group and parent company statements of cash flow, the group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2016 and of the group's and the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

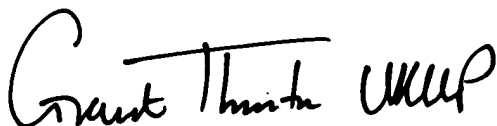
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMBER PLC (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP' with a stylized flourish at the end.

Mark Bishop  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford  
27 October 2016

**NORTHAMBER PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2016

	Notes	2016 Total £'000	2015 Total £'000
<b>Revenue</b>	3	61,844	65,452
Cost of sales		(57,025)	(60,851)
<b>Gross Profit</b>		<u>4,819</u>	<u>4,601</u>
Distribution costs		(3,310)	(2,950)
Administrative costs		(2,801)	(2,583)
<b>Loss from operations</b>	4	<u>(1,292)</u>	<u>(932)</u>
Investment revenue	6	59	46
<b>Loss before tax</b>		<u>(1,233)</u>	<u>(886)</u>
Tax (charge)	7	-	(2)
<b>Loss for the year and total comprehensive loss</b>		<u><u>(1,233)</u></u>	<u><u>(888)</u></u>
<b>Basic and diluted loss per ordinary share</b>	9	(4.38)p	(3.15)p

**NORTHAMBER PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**At 30 June 2016**

	<b>Share Capital £'000</b>	<b>Share Premium Account £'000</b>	<b>Capital Redemption Reserve £'000</b>	<b>Retained Earnings £'000</b>	<b>Total Equity £'000</b>
Balance at 1 July 2014	281	5,734	1,505	14,003	21,523
Dividends	-	-	-	(168)	(168)
Transactions with owners	-	-	-	(168)	(168)
Loss and total comprehensive loss for the year	-	-	-	(888)	(888)
Balance at 30 June 2015	281	5,734	1,505	12,947	20,467
Dividends	-	-	-	(113)	(113)
Transactions with owners	-	-	-	(113)	(113)
Loss and total comprehensive loss for the year	-	-	-	(1,233)	(1,233)
Balance at 30 June 2016	281	5,734	1,505	11,601	19,121

**NORTHAMBER PLC**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**

**At 30 June 2016**

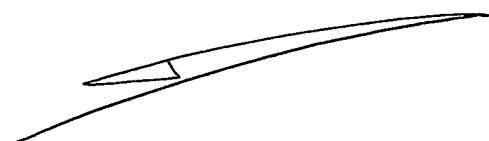
	<b>Share Capital £'000</b>	<b>Share Premium Account £'000</b>	<b>Capital Redemption Reserve £'000</b>	<b>Retained Earnings £'000</b>	<b>Total Equity £'000</b>
Balance at 1 July 2014	281	5,734	1,505	13,012	20,532
Dividends	-	-	-	(168)	(168)
Transactions with owners	-	-	-	(168)	(168)
Loss and total comprehensive loss for the year	-	-	-	(1,354)	(1,354)
Balance at 30 June 2015	281	5,734	1,505	11,490	19,010
Dividends	-	-	-	(113)	(113)
Transactions with owners	-	-	-	(113)	(113)
Loss and total comprehensive loss for the year	-	-	-	(1,758)	(1,758)
Balance at 30 June 2016	281	5,734	1,505	9,619	17,139

**NORTHAMBER PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2016

	Notes	2016 £'000	2015 £'000
<b>Non current assets</b>			
Property, plant and equipment	10	7,995	8,129
<b>Current assets</b>			
Inventories	12	5,006	4,519
Trade and other receivables	13	8,459	10,176
Cash and cash equivalents	14	5,466	5,441
		<u>18,931</u>	<u>20,136</u>
<b>Total assets</b>		<u><b>26,926</b></u>	<u><b>28,265</b></u>
<b>Current liabilities</b>			
Trade and other payables	15	(7,805)	(7,798)
<b>Total liabilities</b>		<u><b>(7,805)</b></u>	<u><b>(7,798)</b></u>
<b>Net assets</b>		<u><b>19,121</b></u>	<u><b>20,467</b></u>
<b>Equity</b>			
Share capital	16	281	281
Share premium account		5,734	5,734
Capital redemption reserve		1,505	1,505
Retained earnings		<u>11,601</u>	<u>12,947</u>
<b>Equity shareholders' funds</b>		<u><b>19,121</b></u>	<u><b>20,467</b></u>

The financial statements on pages 27 to 50 were approved by the board of directors on 27 October 2016 and were signed on its behalf by:



D.M. Phillips  
Chairman



J.P. Henry  
Operations Director

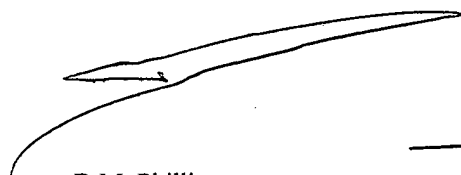
# NORTHAMBER PLC

## COMPANY STATEMENT OF FINANCIAL POSITION

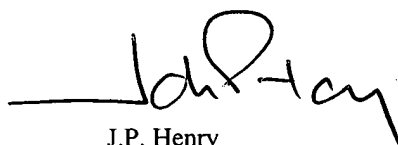
At 30 June 2016

	Notes	2016 £'000	2015 £'000
<b>Non current assets</b>			
Property, plant and equipment	10	1,810	1,873
Investments	11	6,588	6,588
		8,398	8,461
<b>Current assets</b>			
Inventories	12	5,006	4,519
Trade and other receivables	13	8,458	10,175
Cash and cash equivalents	14	5,426	5,424
		18,890	20,118
<b>Total assets</b>		<b>27,288</b>	<b>28,579</b>
<b>Current liabilities</b>			
Trade and other payables	15	(10,149)	(9,569)
<b>Total liabilities</b>		<b>(10,149)</b>	<b>(9,569)</b>
<b>Net assets</b>		<b>17,139</b>	<b>19,010</b>
<b>Equity</b>			
Share capital	16	281	281
Share premium account		5,734	5,734
Capital redemption reserve		1,505	1,505
Retained earnings		9,619	11,490
<b>Equity shareholders' funds</b>		<b>17,139</b>	<b>19,010</b>

The financial statements on pages 27 to 50 were approved by the board of directors on 27 October 2016 and were signed on its behalf by:



D.M. Phillips  
Chairman



J.P. Henry  
Operations Director

Company Registration number: 01499584

# **NORTHAMBER PLC** **CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2016**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Cash from operating activities</b>		
Operating (loss) from continuing operations	(1,292)	(932)
Depreciation of property, plant and equipment	167	247
Operating (loss)/ profit before changes in working capital	<u>(1,125)</u>	<u>(685)</u>
Decrease/(increase) in inventories	(487)	534
Decrease in trade and other receivables	1,716	1,513
Increase)/ (decrease) in trade and other payables	7	(829)
Cash generated from operations	<u>111</u>	<u>533</u>
Income taxes paid	-	(2)
Net cash from operating activities	<u>111</u>	<u>531</u>
<b>Cash flows from investing activities</b>		
Interest received	59	46
Purchase of property, plant and equipment	(32)	(44)
Net cash from investing activities	<u>27</u>	<u>2</u>
<b>Cash flows from financing activities</b>		
Dividends paid to equity shareholders	(113)	(168)
Net cash used in financing activities	<u>(113)</u>	<u>(168)</u>
Net increase in cash and cash equivalents	25	365
Cash and cash equivalents at beginning of year	5,441	5,076
Cash and cash equivalents at end of year	<u>5,466</u>	<u>5,441</u>

# **NORTHAMBER PLC**

## **COMPANY STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2016**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Cash from operating activities</b>		
Operating (loss) from continuing operations	(1,817)	(1,395)
Depreciation of property, plant and equipment	95	114
Operating (loss) before changes in working capital	<u>(1,722)</u>	<u>(1,281)</u>
Decrease/(increase) in inventories	(487)	534
Decrease in trade and other receivables	1,717	1,514
(Decrease)/increase in trade and other payables	580	(248)
Cash generated from operations	<u>88</u>	<u>519</u>
Income taxes paid	-	-
Net cash from operating activities	<u>88</u>	<u>519</u>
<b>Cash flows from investing activities</b>		
Interest received	59	46
Purchase of property, plant and equipment	(32)	(44)
Net cash from investing activities	<u>27</u>	<u>2</u>
<b>Cash flows from financing activities</b>		
Dividends paid to equity shareholders	(113)	(168)
Net cash used in financing activities	<u>(113)</u>	<u>(168)</u>
Net increase in cash and cash equivalents	2	353
Cash and cash equivalents at beginning of year	5,424	5,071
Cash and cash equivalents at end of year	<u>5,426</u>	<u>5,424</u>

# **NORTHAMBER PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

#### **1. General information**

Northamber plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the shareholder information on page 52. The nature of the company's operations and its principal activities are set out in the Strategic Report and the Directors' Report on pages 7 to 14.

#### **2. Significant accounting policies**

##### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial statements have been prepared under the historical cost basis.

The financial statements cover the individual entity Northamber plc and one subsidiary Anitass Limited, all other subsidiaries are dormant and not material to the financial statements for the year to 30 June 2016 or 30 June 2015.

The directors of Anitass Limited, the subsidiary of Northamber Plc, have claimed audit exemption, for the year ended 30 June 2016 under Section 479A (Subsidiary Companies) of Companies Act 2006. The Board of Northamber PLC have provided a guarantee on behalf of the Parent Company undertaking stating that it guarantees Anitass Limited under the section 479C of the Companies Act 2006. Northamber Plc guarantees all outstanding liabilities to which Anitass Limited is subject at 30 June 2016 until they are satisfied in full and the guarantee is enforceable against Northamber Plc by any person to whom the subsidiary company is liable in respect of those liabilities

The principal accounting policies adopted are set out below.

##### **Adoption of new and revised standards**

The Group will apply relevant new standards from their effective date. The directors do not anticipate that any of the standards and interpretations issued by the IASB and IFRIC that have an effective date after the date of the financial statements will have a material impact on the Group's financial statements in the period of initial application.

##### **IFRS 9 'Financial Instruments' (2014)**

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Group's management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

##### **IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

# **NORTHAMBER PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Group's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

#### **Key sources of estimation uncertainty and critical accounting judgements**

##### **Estimation uncertainty**

###### **Inventories**

Initial measurement of inventories is at cost. Subsequent to initial recognition the group measures inventories at the lower of cost and net realisable value. Impairment losses are recognised as and when they occur. The write down is determined on an item by item basis or based on a group of items where such an assessment is not practical.

###### **Receivables**

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

##### **Critical accounting judgements**

The directors do not consider there to be any critical accounting judgements.

##### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Investment revenue is accrued on a time basis in accordance with the effective interest rate method.

##### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### **The Company as lessee**

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

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**Foreign currencies**

Transactions in currencies other than pounds sterling, the functional currency of all group entities, are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

**Loss from operations**

Loss from operations is stated before investment income and finance costs.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense in the period in which they are incurred. The Group has no defined benefit retirement schemes.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted, or substantially enacted, by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are substantially enacted in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax balances have not been discounted.

**Property, plant and equipment**

Land and buildings are held for use in the production or supply of goods and services, or for administrative purposes and are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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Depreciation is charged so as to write off the cost of assets less any residual value, other than land, over their estimated useful lives, using the straight line method, on the following bases:

**Land and Buildings:**

Freehold premises                      4% on freehold buildings, freehold improvements 25% straight line

Plant and equipment                  25% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Material residual value estimates are updated as required, but at least annually.

**Impairment of tangible assets**

At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is on the FIFO basis and comprises direct materials. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Cost of inventories is based on original cost as amended by credits subsequently received or agreed with suppliers in respect of specific products. The provision for obsolete and slow moving stock is determined by frequent and regular reviews of stock, its ageing and rate of sale, provisions are made which enable such obsolete stock as not returned to suppliers and slow moving stock to be sold at no loss.

**Consignment stock**

Consignment stock is not recorded since the risks and benefits associated with the consignment stock do not pass to the Company. Company held consignment stock on behalf of vendors and the legal title does not generally pass to the Company until the sale to the end customer by the Company. This is as per the specified terms in the contracts with the vendors.

# **NORTHAMBER PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

#### **Investments**

Investment in subsidiaries is held at cost less any provision for impairment.

#### **Financial instruments**

Financial assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade receivables, cash and cash equivalents and are initially recognised at fair value plus transaction costs. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

An assessment for impairment is undertaken at least at each reporting date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the asset, or if the company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

#### **Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value plus transaction costs. Financial liabilities subsequent to initial recognition are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance charges in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Equity**

Equity comprises the following:

Share Capital – represents the nominal value of equity shares.

Share Premium – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

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Capital Redemption Reserve – represents the nominal value of shares which have been redeemed and cancelled.

Retained Earnings – represents all current and prior period retained profits and losses.

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

**Capital management**

The Group manages its equity as capital. The company's policy is to not have external debt finance and pay dividends as appropriate whilst maximising the long term return to stakeholders.

In line with Group policy, the group has no external debt finance hence gearing is not measured. The company have paid final and interim dividends in the year.

Equity comprises the items detailed within the principal accounting policy for equity and financial details can be found in the statement of financial position. The company adheres to the capital maintenance requirements set out in the Companies Act.

**Going Concern basis**

The going concern basis of preparing the financial statements has been adopted as in the view of the directors, as set out in the notes on Corporate Governance, the company has adequate resources to continue in operational existence for the foreseeable future.

**3. Segmental reporting**

Management has determined that there is only one operating segment of the group as the total business of the company is the sourcing and distribution of computer related products and this is how information is reported to the Chief Operating Decision Maker. The board in carrying out its strategic planning and decision making has, necessarily, to take consideration of the inter relatedness of the product range and the customer base and thus treat the operations of the group as a whole. All decisions on the allocation of resources impacts on all aspects of the group. Information presented to the Chief Operating Decision Maker is the same as is reported in these financial statements.

Although the sales of the group are predominantly to the UK there are sales to other countries and the following schedule sets out the split of the sales for the year. Revenue is attributable to individual countries based on the location of the customer. There are no non current assets outside the UK.

	UK	Other	Total
	£'000	£'000	£'000
<b>Year to 30 June 2015</b>			
Total Segment revenue	65,226	226	65,452
<b>Year to 30 June 2016</b>			
Total Segment revenue	61,615	229	61,844

One customer accounted for more than 10% (2015: 10%) of the group's revenue for the year, being £8.6m (2015:£11.8m).

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**4. Loss from operations**

Operating loss is stated after (crediting)/charging:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Foreign exchange loss	24	11
Depreciation of property, plant and equipment	167	247
Amounts written off inventory	18	49
(Profit) on disposal of property, plant and equipment	-	-
Operating lease charges – land and buildings	6	6
Fees paid to the company's auditor for the audit of the company annual financial statements for non-audit services	42 4	42 4

No profit and loss account for Northamber plc has been presented as permitted by Section 408 of the Companies Act 2006.

The retained loss for the financial year dealt within the financial statements of the parent company, Northamber plc, was £1,871,000 (2015: loss of £1,354,000) and is stated after taxation.

**5. Staff costs**

The average monthly number of persons (including executive directors) employed by the company during the year was:

	<b>2016</b> <b>Number</b>	<b>2015</b> <b>Number</b>
Sales	41	32
Administration	33	37
Warehouse	17	18
Engineering	2	2
	<u>93</u>	<u>89</u>

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Their aggregate remuneration comprised:		
Staff costs:		
Wages and salaries	3220	2,851
Social security costs	338	297
Other pension costs	84	81
	<u>3642</u>	<u>3,229</u>

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Included in the above is key management personnel compensation of £131,000 (2015: £129,000). Full details of director's remuneration are set out in the Report to Shareholders by the Board on Directors' Remuneration on page 16. The company has identified the key management personnel as the executive and non-executive directors and all their remuneration received amounts to short-term employment benefits.

**6. Investment revenue**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	30	26
Other interest receivable	-	-
Rental income	29	20
	<u>59</u>	<u>46</u>

**7. Tax on loss/profit on ordinary activities**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current taxation		
UK corporation tax: credit for the year	-	-
Adjustment in respect of prior periods	-	2
Loss relief against prior year	-	-
Deferred tax:		
Credit for the year	-	-
Charge for the year	<u>-</u>	<u>2</u>

The charge for the year can be reconciled to the profit per the Statement of comprehensive income as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	<u>(1,233)</u>	<u>(886)</u>
Tax at the UK corporation tax rate of 20% average (2015:20.75%)	(247)	(184)
Other differences	31	12
Adjust closing deferred tax rate	63	29
Adjustment in respect of prior periods	-	2
Deferred tax asset not recognised	153	139
Total actual amount of charge for the year	<u>-</u>	<u>2</u>

The Group has tax losses of £3,128,600 (2015: £2,085,000) to carry forward.

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**8. Dividends**

Amounts recognised as distribution to equity holders in the period:

	<b>2016</b>		<b>2015</b>	
<b>Dividends paid in year</b>	<b>Pence Per Share</b>	<b>£'000</b>	<b>Pence Per Share</b>	<b>£'000</b>
Final – for year ended 30 June 2015	0.30	85	0.30	84
Interim – for year ended 30 June 2016	0.10	28	0.30	84
	<u>0.40</u>	<u>113</u>	<u>0.60</u>	<u>168</u>
Proposed final for the year ended 30 June 2016	<u>0.10</u>	<u>28</u>	<u>0.30</u>	<u>84</u>

The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these financial statements.

**9. Loss per ordinary share**

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year attributable to equity holders of the parent company	<u>(1,233)</u>	<u>(888)</u>
<b>Number of shares</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>28,158,735</u>	<u>28,158,735</u>

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Both basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company as the numerator; therefore no adjustments to loss were necessary in 2015 and 2016.

Net Assets per share, as disclosed within the summary of the last five years of trading, is calculated by dividing the net assets as disclosed in the consolidated statement of financial position by the number of ordinary shares in issue at the year end.

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**10. Property, plant and equipment**

	<b>Land and Buildings £'000</b>	<b>Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Group</b>			
<b>Cost</b>			
At 1 July 2014	9,252	1,393	10,645
Additions	-	44	44
Disposals	-	-	-
At 30 June 2015	<u>9,252</u>	<u>1,437</u>	<u>10,689</u>
<b>Depreciation</b>			
At 1 July 2014	1,012	1,300	2,312
Depreciation charge for the year	189	58	247
Disposals	-	-	-
At 30 June 2015	<u>1,201</u>	<u>1,358</u>	<u>2,560</u>
<b>Net book value at 30 June 2015</b>	<u><b>8,051</b></u>	<u><b>79</b></u>	<u><b>8,129</b></u>
<b>Group</b>			
<b>Cost</b>			
At 1 July 2015	9,252	1,437	10,689
Additions	-	32	32
Disposals	-	-	-
At 30 June 2016	<u>9,252</u>	<u>1,469</u>	<u>10,721</u>
<b>Depreciation</b>			
At 1 July 2015	1,201	1,358	2,560
Depreciation charge for the year	128	39	167
Disposals	-	-	-
At 30 June 2016	<u>1,329</u>	<u>1,397</u>	<u>2,727</u>
<b>Net book value at 30 June 2016</b>	<u><b>7,923</b></u>	<u><b>72</b></u>	<u><b>7,995</b></u>

The directors obtained independent valuations on the land and buildings made on a going concern basis for existing use terms. The valuer has assessed the fair value of the land and buildings held by the company to be £9,150,000 (2015: £9,000,000), which exceeds the carrying amount by £1,227,000 (2015: £949,000).

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	<b>Land and Buildings £'000</b>	<b>Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Company</b>			
<b>Cost</b>			
At 1 July 2014	2,573	1,393	3,966
Additions	-	44	44
Disposals	-	-	-
At 30 June 2015	<u>2,573</u>	<u>1,437</u>	<u>4,010</u>
<b>Depreciation</b>			
At 1 July 2014	723	1,300	2,023
Depreciation charge for the year	56	58	114
Disposals	-	-	-
At 30 June 2015	<u>779</u>	<u>1,358</u>	<u>2,137</u>
<b>Net book value at 30 June 2015</b>	<u><u>1,794</u></u>	<u><u>79</u></u>	<u><u>1,873</u></u>
<b>Company</b>			
<b>Cost</b>			
At 1 July 2015	2,573	1,437	4,010
Additions	-	32	32
Disposals	-	-	-
At 30 June 2016	<u>2,573</u>	<u>1,469</u>	<u>4,042</u>
<b>Depreciation</b>			
At 1 July 2015	779	1,358	2,137
Depreciation charge for the year	56	39	95
Disposals	-	-	-
At 30 June 2016	<u>835</u>	<u>1,397</u>	<u>2,232</u>
<b>Net book value at 30 June 2016</b>	<u><u>1,738</u></u>	<u><u>72</u></u>	<u><u>1,810</u></u>

# NORTHAMBER PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 11. Investment in group companies

	Total £'000
<b>Company</b>	
Cost	
At 1 July 2015 and 30 June 2016	<u>6,588</u>

In the opinion of the directors, the value of the company's investment is not less than the amount included in the company statement of financial position. The investment relates to Anitass Limited.

Name	Country of Incorporation	% owned	Status
Anitass Limited	England	100	Operational
Solution Point Limited	England	99	Dormant
Solution Technology Limited	England	100	Dormant
Thripple-Thrift Limited	England	100	Dormant

### 12. Inventories

	<b>Group and Company</b>	
	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	<u>5,006</u>	<u>4,519</u>

Cost of sales include £56,887,000 (2015:£60,703,000) inventory expensed in the year's statement of comprehensive income. In the opinion of the directors, the net realisable value of inventories held at 30 June 2016 against which provision has been made was £4,822,000 net of the provision. (2015: £3,819,000).

### 13. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	8,384	10,096	8,384	10,096
Less provision for impairment of receivables	(80)	(57)	(80)	(57)
Net trade receivables	<u>8,304</u>	<u>10,039</u>	<u>8,304</u>	<u>10,039</u>
Other receivables	48	69	47	68
Prepayments	107	68	107	68
	<u>8,459</u>	<u>10,176</u>	<u>8,458</u>	<u>10,175</u>

An allowance has been made for estimated at risk amounts from the sale of goods of £80,000 (2015: £57,000). The allowance has been determined by assessing each individual debtor as well as making assessments based on past experience and knowledge of the customers and the prevailing economic conditions.

The group is exposed to credit risk on its trade and other receivables due to the credit terms offered to its customers. In the opinion of the directors there is no particular credit risk in any one customer. It is confirmed that the fair value of trade receivables is not materially different from the carrying value. Trade receivables are not interest bearing.

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The average days credit is 41 days (2015: 47 days). The company uses a rigorous and detailed assessment of each prospective customer before supplying goods up to a pre-determined credit level, and customers are regularly re-assessed to determine current levels of credit limits.

In the opinion of the directors the provision made for bad debts, as shown below, is appropriate and that no further provision is required. In the opinion of the directors the fair value of the trade receivables is not materially different from the amounts disclosed.

All financial assets that are neither past due nor impaired are considered to be fully recoverable.

**Trade receivables older than credit terms**

Ageing of past due but not impaired receivables is as follows

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
30 - 60 days past due	262	175
60 - 90 days past due	21	16
90+ days past due	122	43
Total	<u>405</u>	<u>234</u>

As at 30 June 2016 trade receivables of £80,000 (2015: £57,000) were impaired: the ageing of these trade receivables was

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
30 - 60 days past due	-	-
60 - 90 days past due	17	20
90+ days past due	63	37
Total	<u>80</u>	<u>57</u>

**Trade and other receivables allowance for doubtful debts**

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of period	57	79
Amounts written off as uncollectable	(8)	-
Potential impairment increase/(reduction)	31	(22)
Total	<u>80</u>	<u>57</u>

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

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**14. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank balances and cash in hand	5,466	5,441	5,426	5,424
Cash and cash equivalents in statement of cash flows	<u>5,466</u>	<u>5,441</u>	<u>5,426</u>	<u>5,424</u>

**15. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	7,162	6,848	7,162	6,848
Inter group payables	-	-	2,376	1,805
Other payables	38	36	38	36
VAT	290	608	269	578
Other tax and social security	93	84	93	84
Accruals and deferred income	222	222	211	218
	<u>7,805</u>	<u>7,798</u>	<u>10,149</u>	<u>9,569</u>

The financial liabilities shown above are those which were outstanding at 30 June 2016. The average credit period taken for trade payables is 38 days (2015: 34 days).

The directors consider that the fair values of trade and other payables are not materially different from those disclosed above. Trade payables are not interest bearing.

The liquidity in trade and other payables is managed by the company through the management of its cash resources as referred to in the Strategic Report, to ensure that for all practical purposes creditors are paid in accordance with the credit terms agreed with the suppliers.

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**16. Share capital Group and Company**

	Number	£'000
At 30 June 2016 and 2015	<u>80,000,000</u>	<u>2,000</u>
Issued and fully paid shares of 1p each At 30 June 2016 and 2015	<u>28,158,735</u>	<u>281</u>

The company has one class of ordinary shares which carry no right to fixed income.

**17. Capital commitments**

There were no capital commitments at 30 June 2016 (2015: £Nil).

**18. Operating lease arrangements**

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Minimum lease payments under operating leases recognised in profit or loss for the year	<u>6</u>	<u>6</u>	<u>607</u>	<u>607</u>

At 30 June 2016, the group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
One year	6	6	607	607
Between one and five years	<u>6</u>	<u>6</u>	<u>757</u>	<u>757</u>
	<u>12</u>	<u>12</u>	<u>1,364</u>	<u>1,364</u>

The freehold of the warehouse was purchased on 23 April 2012 by Anitass Limited, a 100% subsidiary of Northamber plc.

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**19. Related party transactions**

Mr D.M. Phillips is the ultimate controlling party of the company.

During the year, the company paid £601,000 (2015: £601,000) rent to Anitass Limited, a wholly owned subsidiary. At the year end Northamber plc owed Anitass Ltd £2,376,000 (2015: £1,804,000).

At the year end, £0.41 million (2015: £0.59 million) was held by the company on Mr D.M. Phillips' behalf.

Interest of £4,594 (2015: £10,909) earned during the year, is included within the balance of £0.41 million (2015: £0.59 million).

**20. Post balance sheet events**

There were no material post balance sheet events, adjusting or non-adjusting.

**21. Contingent liabilities**

During the year to 30 June 2007, the company granted a 175 year lease for an enterprise zone investment property in Arbroath.

The company retains the freehold interest, which has a negligible value, and a contingent liability of £702,000 exists in respect of the clawback of enterprise zone tax allowances which will only occur if the retained freehold interest is disposed of before 2017. The directors believe that any realisation of this liability has an extremely low level of probability.

**22. Financial instruments exposure**

The interest rate exposure of the financial assets and liabilities of the group and company as at 30 June 2016 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

Based on exposure at the reporting date, currency movements are not considered likely to have a material effect on profits or equity.

Note 13 above refers to further matters relating to credit risk as does the Strategic Report under the heading of Financial Risk.

	<b>Floating £'000</b>	<b>Zero £'000</b>	<b>Total £'000</b>
<b>Group</b>			
Financial assets – loans and receivables			
Cash and cash equivalents:			
Sterling	4,784	-	4,784
US Dollars (Sterling equivalent)	548	-	548
Euros (Sterling equivalent)	134	-	134
Trade and other receivables	-	8,459	8,459
<b>Total</b>	<b>5,466</b>	<b>8,459</b>	<b>13,925</b>

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	<b>Floating £'000</b>	<b>Zero £'000</b>	<b>Total £'000</b>
Financial liabilities at amortised cost			
Trade payables:			
Sterling	-	5,652	5,652
US Dollars (Sterling equivalent)	-	1,401	1,401
Euros (Sterling equivalent)	-	109	109
Other payables	-	38	38
<b>Total</b>	<b>-</b>	<b>7,200</b>	<b>7,200</b>

	<b>Floating £'000</b>	<b>Zero £'000</b>	<b>Total £'000</b>
<b>Company</b>			
Financial assets – loans and receivables			
Cash and cash equivalents:			
Sterling	4,744	-	4,744
US Dollars (Sterling equivalent)	548	-	548
Euros (Sterling equivalent)	134	-	134
Trade and other receivables	-	8,458	8,458
<b>Total</b>	<b>5,426</b>	<b>8,458</b>	<b>13,884</b>

	<b>Floating £'000</b>	<b>Zero £'000</b>	<b>Total £'000</b>
Financial liabilities at amortised cost			
Trade payables:			
Sterling	-	5,652	5,652
US Dollars (Sterling equivalent)	-	1,401	1,401
Euros (Sterling equivalent)	-	109	109
Other payables	-	38	38
<b>Total</b>	<b>-</b>	<b>7,200</b>	<b>7,200</b>

The directors estimate that an increase or decrease in annual average interest rates of 0.5% would increase/decrease profit before tax by approximately £27,000 (2015: £26,000).

**Type of Financial Instrument**

All financial assets are classified as loans and receivables and all financial liabilities are held at amortised cost.

**Maturity of Financial Instruments**

All financial liabilities are classified as current and are due within 60 days.

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Northamber plc will be held at 23 Davis Road, Chessington, Surrey KT9 1HS on 14 December 2016 at 12 noon for the following purposes:-

1. To receive and adopt the company's accounts for the year ended 30 June 2016 and the directors' and auditors' reports thereon.
2. To propose the following ordinary resolution: That the directors' remuneration report for the year ended 30 June 2016 be received and approved.
3. To declare a dividend on the ordinary shares of the company.
4. Re-elect Mr J.P. Henry as a director.
5. Re-elect Mr D.M. Phillips as a director.
6. Elect Mr G.P. Walters as a director
7. To re-appoint Grant Thornton UK as auditors and to authorise the directors to fix their remuneration.

## ORDINARY RESOLUTION

- 8 THAT, the directors be generally and unconditionally authorised to allot equity securities (as defined by Section 560 of the Companies Act 2006 ("the Act"), up to an aggregate nominal amount of £187,725 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 10 below) in connection with an offer by way of a rights issue:
  - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
  - (b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;

## SPECIAL RESOLUTIONS

- 9 THAT, the directors be authorised to allot equity securities pursuant to Resolution 9 above up to an aggregate nominal amount of £93,862 as if Section 561 of the Companies Act 2006 (existing shareholders' rights of pre-emption)
  - (a) did not apply to the allotment, or
  - (b) applied to the allotment with such modifications as the directors may determine
  - (c) provided that this authority shall, unless renewed, varied or revoked by the company, expire on the 12 March 2018 or, if earlier, the date of the next Annual General Meeting of the company save that the company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
- 10 THAT the company be and is hereby unconditionally and generally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006 of ordinary shares of 1p in the capital of the company, provided that:
  - (a) the maximum number of shares hereby authorised to be acquired is 2,815,874 representing 10 per cent of the present issued share capital;
  - (b) the minimum price which may be paid for such shares is 1p per share (exclusive of all expenses);
  - (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105 per cent of the average middle market quotations of the ordinary shares of the company as derived from the Daily Official List of The London Stock Exchange on the 10 dealing days immediately preceding the day on which the shares are contracted to be purchased;

## NOTICE OF MEETING (continued)

- (d) the authority hereby conferred shall (subject to sub-clause (e) below) expire on the date of the next Annual General Meeting of the company after the passing of this resolution; and
- (e) the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will, or may be, executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contracts.

By Order of the Board



S. Yoganathan  
Company Secretary

Registered Office:  
Namber House  
23 Davis Road,  
Chessington,  
Surrey,  
KT9 1HS

### Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the company. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting.
- (2) The instrument appointing a proxy and the power of attorney (if any) under which it is signed must be deposited at the offices of the registrars of the company, not less than forty-eight hours before the time of the meeting.
- (3) There will be available for inspection at the registered office of the company during normal business hours from the date of this Notice until the date of the Annual General Meeting and, at the place of the Annual General Meeting, from at least fifteen minutes prior to and until the conclusion of the Annual General Meeting:
  - (a) copies of the executive directors' service agreements with the company; and
  - (b) the Register of Directors' Interests.