



**NORTHAMPER**

# REPORT & ACCOUNTS

FULL YEAR ENDED 30<sup>th</sup> JUNE 2019



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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 are listed on AIM, a market operated and regulated by the London Stock Exchange under stock symbol "NAR".

Summary of last five years' trading

|                                | Years ending 30 June |               |              |               |               |
|--------------------------------|----------------------|---------------|--------------|---------------|---------------|
|                                | 2019<br>£'000        | 2018<br>£'000 | 2017<br>'000 | 2016<br>£'000 | 2015<br>£'000 |
| Revenue                        | 50,329               | 58,136        | 57,288       | 61,844        | 65,452        |
| (Loss)/Profit before tax       | (598)                | (489)         | (999)        | (1,233)       | (886)         |
| (Loss)/earnings per share      | (2.17)p              | (1.74)p       | (3.55)p      | (4.38)p       | (3.15)p       |
| Net Assets per share           | 60.8p                | 62.2p         | 64.1p        | 67.9p         | 72.7p         |
| Dividends paid per share (net) | 0.2p                 | 0.2p          | 0.2p         | 0.4p          | 0.6p          |

## **NORTHAMBER PLC STRATEGIC REPORT**

### **CHAIRMAN'S STATEMENT**

I am writing in my capacity as Acting Chairman, a role I have assumed as David Phillips is currently suffering from ill health and it may be some time before he is fully recovered and able to resume his role as Chairman. We have an experienced board and strong management team upon which to rely until such time as David returns.

This year has been dominated by the sale of the Company's freehold warehouse facility in Weybridge, albeit that it took place shortly after the year end and the impact is not therefore reflected in these accounts. I will cover this in more detail later in this statement, but I shall now turn to the year under review.

#### **Trading**

At first glance, the headline results for the year appear disappointing with turnover of £50.3 million against £58.1 million for the previous year, but further analysis provides an insight into the underlying trends in the business. It is also important to recall that we took a deliberate decision to exit lower margin, commoditised product groups, which saw a material reduction in turnover between the first and second half of the year ended 30 June 2018. So, there is a steadier picture when comparing the revenues for the second half of FY2018, with the two halves of FY2019.

The first half of FY2019 was impacted by the previously reported supplier contract breach. The legal case we brought against the supplier continues, and we are still incurring legal costs. Turnover in H2 at £26.1 million was £1.8 million higher than for H1 and Gross Profit increased by £0.26 million to £2.3m, with the gross margin increased from 8.4% to 8.8%. The year on year improvement in gross margin was more pronounced, rising from 7.82% to 8.6%. The process of expansion of the more rewarding strategic Audio Visual & Solutions products continues and is reflected in these figures, along with the reduction in the proportion of lower margin products.

I believe that these figures show the strengthening trading business we are building, with a considerable improvement and confirms our policy of expanding profitable product ranges.

#### **Financial Position**

The sale of the Weybridge warehouse property after the period end will of course have a very significant impact on the shape of the balance sheet but we closed the financial year in a strong position.

Based on the position at 30 June 2019, which excludes the £16.4 million cash proceeds from the property sale, the Company had a very strong balance sheet with a net current assets ratio of 2.2 compared with 2.4 in the previous year and cash on hand of £3.4 million compared with £5.1 million in the previous year.

The working capital ratios all increased this year which were the result mainly of changes in the structure of the product range and in the supplier/customer profiles.

At 30 June 2019 the Net Assets per share were 60.8p (2018: 62.2p), based on the Balance Sheet values including our two unencumbered freehold properties (but before the sale of the Weybridge property).

#### **Sale of the Property**

It is too early to report on how best to apply the proceeds of the sale of the warehouse property; there are a number of options open to the board on how best to utilise these funds for the benefit of the company and the shareholders. We also need to decide on an appropriate course of action in relation to our overall property requirements. We shall of course be reporting the outcome of any decision made in due course.

## **NORTHAMBER PLC STRATEGIC REPORT**

### **CHAIRMAN'S STATEMENT (continued)**

#### **Dividend**

Having regard to the strength of the Group's debt free tangible asset base, the Board is proposing to pay an increased final dividend of 0.3p per share, at a total cost of £82,498 which will be paid on 17 January 2020 to shareholders on the register on 13 December 2019.

#### **Staff**

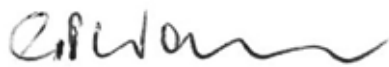
As in previous years the Board would like to express their great appreciation for the dedication and effort produced by the staff during the year as we continue to drive changes in strategy.

#### **Outlook**

It is our intention to continue to implement the strategy of product and margin improvements which is showing positive results. It remains, however, beyond our ability to control or remove those restraints and constraints which have applied for the last few years. These have not abated and are even more applicable in the current climate of uncertainty.

As mentioned above, the Board will be deliberating the most appropriate strategy to grow the business and maximise shareholder value, whilst also balancing the longer-term requirements for appropriate property facilities.

The future of the Company, with the resources available to it, looks more promising despite the wider economic and political backdrop, and I look forward to updating you on progress in due course.



G.P. Walters  
13 November 2019

## STRATEGY AND PERFORMANCE

The directors present their strategic report on the group for the year ended 30 June 2019.

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

### 1. The Group's Strategy

As explained below in the notes on the business model, the group is not directly involved with the ultimate users of the products it sells. It acts 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 has always 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 this has been extended over the years to include not only computers themselves but also a wide range of peripheral and ancillary related products including audio visual.

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 products 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.

## STRATEGY AND PERFORMANCE (continued)

The principal KPIs which are used and which have been reported elsewhere in our Annual Report are the following:-

| Ratio                               | Format | 2018-19 | 2017-18 |
|-------------------------------------|--------|---------|---------|
| Revenue                             | £m     | 50.3    | 58.1    |
| Gross Profit                        | %      | 8.61    | 7.82    |
| Stock Turn                          | Times  | 13.9    | 15.9    |
| Debtor Days                         | Days   | 57      | 42      |
| Creditor Days                       | Days   | 42      | 34      |
| Net Assets per share                | Pence  | 60.81   | 62.2    |
| Working Capital Ratio <sup>*1</sup> | Times  | 2.0     | 1.9     |

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

Debtor days have increased due to a 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 group 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.

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.

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.



## STRATEGY AND PERFORMANCE (continued)

### 5. Financial Review and Position

Turnover decreased by £7.8 million compared with the previous year largely as a result of continued move away from empty revenue products and the affect from aforementioned actions of a prior supplier. Our focus on growing strategic business where we can add and capture more value however was reflected in the increased gross margin both for the full year and indeed half on half within the year.

Our cash balance at the end of financial year was £1.63 million less than last year at £3.44 million due to the change in customers and suppliers terms whilst remaining debt free.

Some 46.0% of the Net Assets comprise the carrying value of freehold properties, 20.7% cash and the balance working capital. The Net Assets were 60.8p per share which represented more than the highest share price of 29.5p 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.

## STRATEGY AND PERFORMANCE (continued)

### Credit Risk

The group'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, third party credit references and credit insurance levels. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Given the current economic climate the company feel it prudent to maintain Credit Insurance.

### 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 24. 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 of data loss 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 Statement of Financial Position. The company has sufficient working capital to enable it to meet its requirements.

### Market Risk

The group is subject to both general market conditions and particularly to those affecting its own particular industry. The group 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 group 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 group 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.

## STRATEGY AND PERFORMANCE (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.

### Brexit

There is still a large amount of uncertainty surrounding Brexit including timescales and effects. The main potential risks to the Business are Foreign Exchange rate, disruption of supply chain, customers and workforce. As our customers are mainly based in UK mainland we do not envisage any major issues. We do not envisage any major issues with our workforce. As detailed above we constantly review our Foreign Exchange rate exposure and will continue to do this. We work closely with our suppliers to minimise any potential disruptions to supply of the products.

### 7. Future Prospects

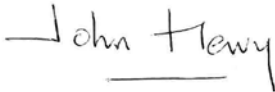
Your board's long term approach to investment decisions is well documented and often referenced in these statements. This approach was continued in the last year as we invested significantly in our new focus categories to help drive the business forward. This coupled with other investments in new vendors, 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.

### 8. Events after the reporting period

On 8 July 2019 the group sold its freehold distribution centre realising net proceeds of £16.4 million. The group has negotiated a lease of the warehouse for two years at an annual rental of £175,000.

By order of the Board



J.P. Henry  
Operations Director  
13 November 2019

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 30 June 2019.

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. As described in the Strategic Report these freehold premises were sold after the year end. The other subsidiaries of Northamber plc are dormant and not material to the financial statements for the year to 30 June 2019.

### 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 24 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 2019

|                                     | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------------------|---------------|---------------|
| Ordinary dividends                  |               |               |
| Previous year's final dividend paid | 28            | 28            |
| Interim paid                        | <u>27</u>     | <u>28</u>     |
|                                     | <u>55</u>     | <u>56</u>     |

The final proposed dividend of 0.3p (2018: 0.1p) will be paid on 17 January 2020 to all members on the register at the close of business on 13 December 2019.

### Directors

Directors of the company who have served at any time during the year are listed on page 26.

### Directors' indemnity provision

Qualifying third-party indemnity provision was in place for all directors throughout the financial year and at the date of approval of this report.

## REPORT OF THE DIRECTORS (continued)

### Share Capital

At 30 June 2019, the company had 27,356,586 (2018: 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 827,149 ordinary shares of 1p each in the year. The aggregate consideration paid for the shares was £224,156. The directors have authorised the repurchase of shares in accordance with the authority under the special resolution passed at the last AGM and in accordance with the advice given by the company's Nominated Advisor & Broker to improve the return for the share holders rather than holding the money under deposit in the bank account. 802,149 of the shares were cancelled in the year, being 2.8% of the issued share capital and at the year end there were 25,000 of the shares held in Treasury. The minimum number of shares in issue at any time in the year was 27,356,586.

### 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 1 November 2019.

|                           | <b>Ordinary Shares of 1p each</b> |
|---------------------------|-----------------------------------|
| Mr D.M. Phillips          | 63.03%                            |
| BNY(OCS) Nominees Limited | 11.57%                            |
| Mr H.W. Matthews          | 3.67%                             |
| Mr & Mrs J. Rockliff      | 3.66%                             |
| Mr M. Chadwick            | 3.08%                             |

### Purchase of Own Shares

At the end of the year, the directors had authority, under the shareholders' resolutions of 14 December 2018 to purchase through the market 2,735,658 (2018: 2,815,874) of the company's ordinary shares at prices ranging between 1p and 105% (2018: 1p and 105%) of the average middle market quotations for those shares as derived from 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 18 December 2019, the date of the next Annual General Meeting.

### Auditors

During the year the directors appointed RSM UK Audit LLP as auditor. A resolution to re-appoint RSM UK Audit LLP as the group's auditors will be proposed at the forthcoming Annual General Meeting.

### 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. The company fulfils its obligations towards employees who are disabled or who become so whilst in the employment of the company.

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

### **Customers and Suppliers**

The directors foster and maintain strong relationships with customers and suppliers.

### **Events after the reporting period**

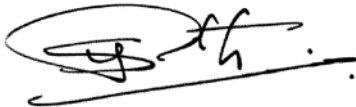
Details of important events occurring after the end of the reporting period are described in the Strategic Report, and the details are incorporated into this directors' report by cross-reference.

### **Statement of disclosure to auditor**

The directors confirm that:

- in so far as each director 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.

By order of the Board

A handwritten signature in black ink, appearing to be 'S. Yoganathan', written over a horizontal line.

S. Yoganathan ACMA  
Company Secretary  
13 November 2019

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

The group voluntarily provides the following Directors' Remuneration Report

### Remuneration Committee

The Remuneration Committee comprised the non-executive directors Mr C.M. Thompson (from February 2019) and Mr G.P. Walters. 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 packages for executive directors 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 (continued)

### Directors' Detailed Emoluments

Details of directors' emoluments are as follows:

|  | Salaries and Fees |               | Benefits      |               | Pension       |               | Total         |               |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2019<br>£'000     | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| <b>Executive</b>                                       |                   |               |               |               |               |               |               |               |
| Mr D.M. Phillips                                       | -                 | -             | 15            | 12            | -             | -             | 15            | 12            |
| Mr J.P. Henry  | 72                | 72            | 5             | 5             | 10            | 10            | 87            | 87            |
| <b>Non-Executive</b>                                   |                   |               |               |               |               |               |               |               |
| Mr G.P. Walters  | 20                | 20            |               |               |               |               | 20            | 20            |
| Mr C.M. Thompson<br>(Appointed on<br>27 February 2019) | 7                 |               |               |               |               |               | 7             | -             |
| Mr R.F. Heath<br>(Resigned on<br>12 December 2017)     | -                 | 10            | -             | -             | -             | -             | -             | 10            |
|  | <u>99</u>         | <u>102</u>    | <u>20</u>     | <u>17</u>     | <u>10</u>     | <u>10</u>     | <u>129</u>    | <u>129</u>    |

For the year ended 30 June 2019, Mr D.M. Phillips has waived £180,000 of his salary (2018: £180,000 was waived).

### Directors' Interests

Directors in office at 30 June 2019 had the following beneficial interests in the shares of the company:

Ordinary Shares of 1p each

|                  | 30 June 2019 | 30 June 2018 |
|------------------|--------------|--------------|
| Mr D.M. Phillips | 17,243,055   | 17,243,055   |
| Mr R.F.Heath     | -            | 5,000        |
| Mr J.P. Henry    | -            | -            |
| Mr G.P. Walters  | -            | -            |
| Mr C.M.Thompson  | 14,500       | -            |

Between 30 June 2019 and 1 November 2019 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 1 November 2019 was 45.5p.

The range of market prices during the year was 28.0p to 29.5p.



S. Yoganathan ACMA.  
By order of the Board  
13 November 2019



## CORPORATE GOVERNANCE

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

Northamber plc ("the Company") is an AIM quoted Company and is committed to high ethical values and professionalism in all its activities. As an essential part of this commitment is that the Directors acknowledge the importance of high standards of Corporate Governance and, given the Group's size and the constitution of the Board, have decided to apply the principles set out in the Corporate Governance Code for small and mid-sized companies published by the QCA in April 2018 ("QCA Code"). The Board is accountable to the Company's shareholders for good Governance.

## CORPORATE GOVERNANCE POLICY

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

The Company's objective is in alignment with the purpose of the Code in that it is to deliver growth in long-term shareholder value and to deliver benefits to other stakeholders, accompanied by good communication to promote confidence and trust.

Set out below are the principles of the QCA Code and the Company's approach to compliance with the Code, in support of its medium to long term success. In some areas, further development is required internally to more fully comply with the Code and as these take place the website will be updated.

### Strategy for long term shareholder growth

The Company's strategy is set out in full on page 7. Whilst the basic strategy remains the same, changes to its implementation from time to time to meet changing circumstances are determined by the Board as necessary. The management team, reporting to the Board, is responsible for implementing the strategy and managing the business at an operational level.

### Meeting shareholders' needs and expectations

As set out on page 13 under Substantial Shareholdings, 85.01% of the shares are held by five parties, of which the Chairman holds 63.03%, leaving only 14.99% in other shareholders' hands. The Chairman is in contact with shareholders from time to time and via the Company's brokers issues the Half-yearly Statements and other statutory information. In addition, the holding of an Annual General Meeting at a convenient time and place enables contact between shareholders and Directors. Notice of the Annual General Meeting 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.

Shareholders may, at any time, communicate with the Company either via the Company Secretary or through the Company's brokers.

The Company intends to announce the detailed results of Shareholder voting at the AGM to the market, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

The Company has a policy of being socially responsible and has established Social and Community Policy to be followed by the Company in respect of Social, Community and Environmental matters. The Board also recognises the need to maintain effective working relationships across a range of stakeholder groups, including shareholders, employees, partners and suppliers.

The Company's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of Northamber for the benefit of its members as a whole.

## **CORPORATE GOVERNANCE (continued)**

### **Effective Risk Management**

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Company's detailed approach to the management of risk is set out in the section on Principal Risks and Uncertainties on pages 9 to 11. There is a risk assessment carried out by the Board at regular intervals.

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.

### **Effective, well functioning Board, with up to date skills and experience**

The Board normally comprises 2 executive and 2 independent non-executive Directors.

The biographies of the Directors are set out on page 26. Similarly the method of establishing the effectiveness and appropriateness of the Board is set out on page 23. This process includes the assessment of the range of skills and an evaluation of the effectiveness of each Director.

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, in every year at least one-third of the Directors offer themselves for re-election at the Annual General Meeting.

The Board is responsible to the shareholders for the proper management of Northamber and meets at least four times a year to set the overall direction and strategy, to review operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval. The Board also regularly discusses matters informally through the year. Any Board member may request the Company Secretary to report on any specific matter and prepare information for discussion at the Board meetings.

In addition to the Main Board there is an Audit Committee and Remuneration Committee, in each case chaired by a non executive Director. Further details regarding the responsibilities of these committees can be found on pages 21 to 22.

## **CORPORATE GOVERNANCE (continued)**

In view of the size of the Company and its share and Board structure it has determined that the appointment of a Nominations Committee is not warranted.

Below the Main Board there is an Operations Committee comprising the executive Directors and senior management of the Company.

### **The Director's attendance at board meetings is shown on page 21.**

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.

The Chairman, in conjunction with the executive team, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to financial and governance matters, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters.

### **Corporate Culture and Ethical Structures**

The corporate culture and ethics is based on honesty and integrity in all matters and relating to all parties. There are policies in place within the working practices within the Company to ensure compliance with the high standards set. Whistle blowing provisions are also in place to deal with any infringements of the policies. The policies are regularly reviewed, updated and communicated to all staff.

The Company has adopted a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (including relating to the restrictions on dealings during close periods in accordance with MAR and with Rule 21 of the AIM Rules for Companies). The Company takes all reasonable steps to ensure compliance with the share dealing code by the Directors and any relevant employees.

## **CORPORATE GOVERNANCE (continued)**

### **Governance Structures and Processes**

The Corporate Governance structure and processes are set out on pages 17 to 24.

The Board is led by the executive chairman and is responsible for the overall direction and strategy of the Company. The non-executive Directors are responsible for bringing independent and objective judgment to Board decisions, bringing 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 Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Board has established an Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities.

The Audit Committee, which meets at least twice a year, is responsible for keeping under review the scope and results of the audit, its cost effectiveness and the independence of the auditor.

The Remuneration Committee, which meets at least once a year, is responsible for considering the remuneration packages for executive Directors and making recommendations as appropriate.

The Directors' Remuneration Report is set out on pages 15-16.

Detailed processes and procedures are in place and available to all employees on a dedicated in house system to ensure that all operations, actions and decisions made by the employees are fully compliant and avoid undue risk.

The internal procedures are reviewed and updated regularly to maintain the highest level of standards.

### **Communication**

The Board places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning Northamber's activities are clear, fair and accurate. In addition to the statutory published information, the Company regularly updates its website for the benefit of shareholders, customers and suppliers. Communications with employees are maintained both by personal interaction with the Directors and senior management on a daily basis and through formal procedures. Communications with professional advisers ensure that the Company maintains and complies with up to date regulations regarding both internal and external communications.

The results of voting on all resolutions in future general meetings will be posted to the website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

## **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 26.

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.

## CORPORATE GOVERNANCE (continued)

### 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 26, is available to shareholders if they have concerns which contact through the normal channels of chairman or other executive directors have failed to resolve or for which such contact is inappropriate.

### Directors' Attendance

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

|                           | Number of Board Meetings |          |
|---------------------------|--------------------------|----------|
|                           | Entitled to Attend       | Attended |
| Mr David Michael Phillips | 5                        | 5        |
| Mr John Phelim Henry      | 5                        | 5        |
| Mr Colin Mark Thompson    | 3                        | 3        |
| Mr Geoffrey Paul Walters  | 5                        | 5        |

### Audit Committee

The Audit Committee, currently chaired by Mr G.P. Walters, comprised the two non-executive directors C.M.Thompson (from February 2019), 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.

## CORPORATE GOVERNANCE (continued)

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 2019 annual report and financial statements and the December half yearly 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 2019 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

### 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.

RSM UK Audit LLP also follows its own ethical guidelines and continually reviews its audit team to ensure its independence is not compromised.

### 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.

## **CORPORATE GOVERNANCE (continued)**

### **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.

### **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 on 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.

## **CORPORATE GOVERNANCE (continued)**

### **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.

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 April 2019. 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  
13 November 2019



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors are required by the AIM rules of the London Stock Exchange to prepare group financial statements, and have elected to prepare the parent company financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. 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 of the group and the company and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## DIRECTORS AND ADVISERS

### Non-Executive Directors

Geoffrey Paul Walters \*† (Age 67) ACA  
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 Limited.

Colin Mark Thompson \*† (Age 59)  
Non executive director.

Colin Thompson (appointed on 27 February 2019) has over 37 years' experience in the distribution sector, and was a Director in the Company from September 1991 to January 1999.

\* Member of Remuneration Committee

† Member of Audit Committee

### Executive Directors

David Michael Phillips (Age 74)  
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 57)  
Operations director

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

### Registered Office

Number House  
23 Davis Road  
Chessington  
Surrey  
KT9 1HS

### Bankers

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

### Registrars

Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

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

### Registered Auditor

RSM UK Audit LLP  
Chartered Accountants  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

Atlantic Bank  
405 Park Avenue  
New York  
NY 10022  
USA

### Nominated Advisor & Broker

Cantor Fitzgerald Europe  
12th Floor  
5 Churchill Place  
Canary Wharf  
London  
E14 5HU

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

### Opinion

We have audited the financial statements of Northamber PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters arising either for the Group or the parent Company.

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

### **Our application of materiality**

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £435,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £434,999, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £21,750, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

The Group comprises two active components and three dormant entities. Our group audit scope included the full scope audit of the parent company, and full scope group audit procedures on the other significant component. These were performed at a materiality level of £434,999 for the parent company and £162,000 for the other significant component.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 25 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

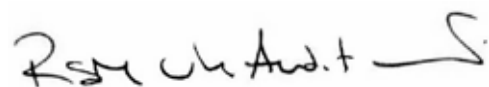
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.



Geoff Wightwick FCA  
Senior Statutory Auditor  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Portland  
25 High Street  
Crawley, West Sussex  
RH10 1BG

13 November 2019

## NORTHAMBER PLC CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

|  | Notes | 2019<br>£'000       | 2018<br>£'000       |
|--|-------|---------------------|---------------------|
| Revenue  | 3     | 50,329              | 58,136              |
| Cost of sales  |       | (45,998)            | (53,589)            |
| <b>Gross Profit</b>  |       | <u>4,331</u>        | <u>4,547</u>        |
| Distribution costs   |       | (2,849)             | (2,850)             |
| Administrative costs   |       | (2,352)             | (2,276)             |
| <b>Loss from operations</b>  | 4     | <u>(870)</u>        | <u>(579)</u>        |
| Investment revenue   | 6     | 272                 | 90                  |
| <b>Loss before tax</b>   |       | <u>(598)</u>        | <u>(489)</u>        |
| Tax (charge)   | 7     | -                   | -                   |
| <b>Loss for the year and total comprehensive loss attributable to the owners</b> |       | <u><u>(598)</u></u> | <u><u>(489)</u></u> |
| <b>Basic and diluted loss per ordinary share</b>                                 | 9     | (2.17)p             | (1.74)p             |

## NORTHAMBER PLC CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

|  | Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Treasury<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>Equity<br>£'000 |
|--|---------------------------|--------------------------------------|---|-----------------------------|-------------------------------|--------------------------|
| Balance at 1 July 2017                               | <u>281</u>                | <u>5,734</u>                         | <u>1,505</u>                              | <u>-</u>                    | <u>10,545</u>                 | <u>18,065</u>            |
| Dividends  | -                         | -                                    | -   | -                           | (56)                          | (56)                     |
| Transactions with owners                             | <u>-</u>                  | <u>-</u>                             | <u>-</u>                                  | <u>-</u>                    | <u>(56)</u>                   | <u>(56)</u>              |
| Loss and total<br>comprehensive loss<br>for the year | -                         | -                                    | -   | -                           | (489)                         | (489)                    |
| Balance at 30 June 2018                              | <u>281</u>                | <u>5,734</u>                         | <u>1,505</u>                              | <u>-</u>                    | <u>10,000</u>                 | <u>17,520</u>            |
| Dividends  | -                         | -                                    | -   | -                           | (55)                          | (55)                     |
| Purchase and<br>cancellation of shares               | (8)                       | -                                    | 8   | -                           | (225)                         | (225)                    |
| Purchase of<br>treasury shares                       | -                         | -                                    | -   | (7)                         | -                             | (7)                      |
| Transactions with owners                             | <u>(8)</u>                | <u>-</u>                             | <u>8</u>                                  | <u>(7)</u>                  | <u>(280)</u>                  | <u>(287)</u>             |
| Loss and total<br>comprehensive loss<br>for the year | -                         | -                                    | -   | -                           | (598)                         | (598)                    |
| Balance at 30 June 2019                              | <u><u>273</u></u>         | <u><u>5,734</u></u>                  | <u><u>1,513</u></u>                       | <u><u>(7)</u></u>           | <u><u>9,122</u></u>           | <u><u>16,635</u></u>     |

## NORTHAMBER PLC COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

|  | Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Treasury<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>Equity<br>£'000 |
|--|---------------------------|--------------------------------------|---|-----------------------------|-------------------------------|--------------------------|
| Balance at 1 July 2017                         | 281                       | 5,734                                | 1,505                                     | -                           | 8,050                         | 15,570                   |
| Dividends                                      | -                         | -                                    | -   | -                           | (56)                          | (56)                     |
| Transactions with owners                       | -                         | -                                    | -   | -                           | (56)                          | (56)                     |
| Loss and total comprehensive loss for the year | -                         | -                                    | -   | -                           | (1,014)                       | (1,014)                  |
| Balance at 30 June 2018                        | 281                       | 5,734                                | 1,505                                     | -                           | 6,980                         | 14,500                   |
| Dividends                                      | -                         | -                                    | -   | -                           | (55)                          | (55)                     |
| Purchase and cancellation of shares            | (8)                       | -                                    | 8   | -                           | (225)                         | (225)                    |
| Purchase of treasury shares                    | -                         | -                                    | -   | (7)                         | -                             | (7)                      |
| Transactions with owners                       | (8)                       | -                                    | 8   | (7)                         | (280)                         | (287)                    |
| Loss and total comprehensive loss for the year | -                         | -                                    | -   | -                           | (1,113)                       | (1,113)                  |
| Balance at 30 June 2019                        | 273                       | 5,734                                | 1,513                                     | (7)                         | 5,587                         | 13,100                   |

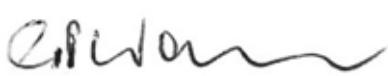


## NORTHAMBER PLC CONSOLIDATED STATEMENT OF FINANCIAL POSITION


At 30 June 2019

|  | Notes | 2019<br>£'000         | 2018<br>£'000         |
|--|-------|-----------------------|-----------------------|
| Non current assets   |       |                       |                       |
| Property, plant and equipment  | 10    | 1,792                 | 7,894                 |
| Current assets   |       |                       |                       |
| Inventories  | 12    | 3,320                 | 3,378                 |
| Trade and other receivables  | 13    | 9,492                 | 8,145                 |
| Cash and cash equivalents  | 14    | 3,446                 | 5,067                 |
| Assets classified as held for sale   | 15    | 6,019                 | -                     |
|  |       | <u>22,277</u>         | <u>16,590</u>         |
| <b>Total assets</b>  |       | <b><u>24,069</u></b>  | <b><u>24,484</u></b>  |
| Current liabilities  |       |                       |                       |
| Trade and other payables   | 16    | (7,434)               | (6,964)               |
| <b>Total liabilities</b>   |       | <b><u>(7,434)</u></b> | <b><u>(6,964)</u></b> |
| <b>Net assets</b>  |       | <b><u>16,635</u></b>  | <b><u>17,520</u></b>  |
| Equity   |       |                       |                       |
| Share capital  | 17    | 273                   | 281                   |
| Share premium account  |       | 5,734                 | 5,734                 |
| Capital redemption reserve   |       | 1,513                 | 1,505                 |
| Treasury shares  |       | (7)                   | -                     |
| Retained earnings  |       | 9,122                 | 10,000                |
| <b>Equity shareholders' funds attributable to the owners of the parent</b> |       | <b><u>16,635</u></b>  | <b><u>17,520</u></b>  |

The financial statements on pages 30 to 57 were approved by the board of directors on 13 November 2019 and were signed on its behalf by:



G.P. Walters  
Director



J.P. Henry  
Director

## NORTHAMBER PLC COMPANY STATEMENT OF FINANCIAL POSITION

At 30 June 2019

|  | Notes | 2019<br>£'000          | 2018<br>£'000          |
|--|-------|------------------------|------------------------|
| <b>Non current assets</b>  |       |                        |                        |
| Property, plant and equipment  | 10    | 1,792                  | 1,841                  |
| Investments  | 11    | 6,588                  | 6,588                  |
|  |       | <u>8,380</u>           | <u>8,429</u>           |
| <b>Current assets</b>  |       |                        |                        |
| Inventories  | 12    | 3,320                  | 3,378                  |
| Trade and other receivables  | 13    | 9,492                  | 8,145                  |
| Cash and cash equivalents  | 14    | 3,320                  | 5,034                  |
|  |       | <u>16,132</u>          | <u>16,557</u>          |
| <b>Total assets</b>  |       | <u><b>24,512</b></u>   | <u><b>24,986</b></u>   |
| <b>Current liabilities</b>   |       |                        |                        |
| Trade and other payables   | 16    | (11,412)               | (10,486)               |
| <b>Total liabilities</b>   |       | <u><b>(11,412)</b></u> | <u><b>(10,486)</b></u> |
| <b>Net assets</b>  |       | <u><b>13,100</b></u>   | <u><b>14,500</b></u>   |
| <b>Equity</b>  |       |                        |                        |
| Share capital  | 17    | 273                    | 281                    |
| Share premium account  |       | 5,734                  | 5,734                  |
| Capital redemption reserve   |       | 1,513                  | 1,505                  |
| Treasury shares  |       | (7)                    | -                      |
| Retained earnings  |       | <u>5,587</u>           | <u>6,980</u>           |
| <b>Equity shareholders' funds attributable to the owners of the parent</b> |       | <u><b>13,100</b></u>   | <u><b>14,500</b></u>   |

The loss after tax for the individual parent company was £1.113 million (2018: £1.014 million)

The financial statements on pages 30 to 57 were approved by the board of directors on 13 November 2019 and were signed on its behalf by:




G.P. Walters  
Director

J.P. Henry  
Director

Company Registration number: 01499584

## NORTHAMBER PLC CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Cash flows from operating activities</b>                |               |               |
| Operating (loss) from continuing operations                | (870)         | (579)         |
| Depreciation of property, plant and equipment              | 153           | 188           |
|  | <hr/>         | <hr/>         |
| Operating (loss)/ profit before changes in working capital | (717)         | (391)         |
| Decrease/(increase) in inventories                         | 58            | 798           |
| (Increase) /decrease in trade and other receivables        | (1,346)       | 907           |
| Increase/(decrease) in trade and other payables            | 470           | (1,196)       |
|  | <hr/>         | <hr/>         |
| Cash (used in)/generated from operations                   | (1,535)       | 118           |
| Income taxes paid  | -             | -             |
|  | <hr/>         | <hr/>         |
| Net cash (used in)/generated from operating activities     | (1,535)       | 118           |
| <b>Cash flows from investing activities</b>                |               |               |
| Interest received  | 272           | 90            |
| Purchase of property, plant and equipment                  | (71)          | (57)          |
|  | <hr/>         | <hr/>         |
| Net cash from investing activities                         | 201           | 33            |
| <b>Cash flows from financing activities</b>                |               |               |
| Dividends paid to equity shareholders                      | (55)          | (56)          |
| Purchase of and cancellation of shares                     | (225)         | -             |
| Purchase of treasury shares                                | (7)           | -             |
|  | <hr/>         | <hr/>         |
| Net cash used in financing activities                      | (287)         | (56)          |
| Net(decrease)/ increase in cash and cash equivalents       | (1,621)       | 95            |
| Cash and cash equivalents at beginning of year             | 5,067         | 4,972         |
|  | <hr/>         | <hr/>         |
| Cash and cash equivalents at end of year                   | 3,446         | 5,067         |

## NORTHAMBER PLC COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

|  | 2019<br>£'000  | 2018<br>£'000 |
|--|----------------|---------------|
| <b>Cash flows from operating activities</b>            |                |               |
| Operating (loss) from continuing operations            | (1,385)        | (1,103)       |
| Depreciation of property, plant and equipment          | <u>120</u>     | <u>115</u>    |
| Operating (loss) before changes in working capital     | (1,265)        | (988)         |
| Decrease/(increase) in inventories                     | 58             | 798           |
| Decrease/(increase) in trade and other receivables     | (1,347)        | 907           |
| (Decrease)/increase in trade and other payables        | 926            | (594)         |
| Cash (used in)/generated from operations               | <u>(1,628)</u> | <u>123</u>    |
| Income taxes paid                                      | -              | -             |
| Net cash (used in)/generated from operating activities | <u>(1,628)</u> | <u>123</u>    |
| <b>Cash flows from investing activities</b>            |                |               |
| Interest received                                      | 272            | 90            |
| Purchase of property, plant and equipment              | (71)           | (57)          |
| Net cash from investing activities                     | <u>201</u>     | <u>33</u>     |
| <b>Cash flows from financing activities</b>            |                |               |
| Dividends paid to equity shareholders                  | (55)           | (56)          |
| Purchase of and cancellation of shares                 | (225)          | -             |
| Purchase of Treasury shares                            | <u>(7)</u>     | <u>-</u>      |
| Net cash used in financing activities                  | <u>(287)</u>   | <u>(56)</u>   |
| Net(decrease)/ increase in cash and cash equivalents   | (1,714)        | 100           |
| Cash and cash equivalents at beginning of year         | 5,034          | 4,934         |
| Cash and cash equivalents at end of year               | <u>3,320</u>   | <u>5,034</u>  |

## **NORTHAMBER PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2019**

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

Northamber plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange on the Alternative Investment Market. The address of the registered office is given on page 26. 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 2019 or 30 June 2018.

The directors of Anitass Limited, the subsidiary of Northamber plc, have claimed audit exemption for the year ended 30 June 2019 under Section 479A (Subsidiary Companies) of the 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 section 479C of the Companies Act 2006. Northamber Plc guarantees all outstanding liabilities to which Anitass Limited is subject at 30 June 2019 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. Accounting standards relevant to the Group which has been adopted in the year are as follows:

##### **Initial application of IFRS 9 'Financial Instruments' (IFRS 9)**

The Group has applied IFRS 9 'Financial Instruments' (IFRS 9) for the first time in the year ended 30 June 2019. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The significant changes are set out below.

As a result of the adoption of IFRS 9 the group has adopted consequential changes to IAS 1 Presentation of financial statements. In addition the group has applied the consequential amendments to IFRS 7 Financial Instruments: Disclosure to the current period only. Comparatives have not been restated as the cumulative catch-up approach has been applied. Any adjustments arising on transition to IFRS 9 are recognised in opening equity. Therefore information presented for 2018 does not reflect the requirements of IFRS 9 and is not comparable with the information presented for the year ended 30 June 2019.

The classification of financial assets under IFRS 9 is based on whether the contractual cash flows of the instrument are solely payments of principal and interest, and whether the business model is to collect those contractual cash flows and/or sell the financial assets. The classification and measurement of financial assets under IFRS 9 is set out below.

All the group's financial assets were previously classified as loans and receivables under IAS 39 and are classified as assets at amortised cost under IFRS 9.

**NORTHAMBER PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an 'expected loss' model. The change from the 'incurred loss' model previously applied under IAS 39 did not result in a material amount to be recognised at 1 July 2018.

The application of IFRS 9 has not changed the measurement of the group's financial liabilities or the group's accounting policies for the recognition or derecognition of financial instruments.

The impairment losses on the group's financial assets is set out in the table in note 13.

Impairment losses (and reversals of impairment losses) are not shown in separate line items on the face of the Income Statement, as the amounts are not sufficiently material.

Initial application of IFRS 15 Revenue from contracts with customers

The group has applied IFRS 15 for the first time in the year ended 30 June 2019.

Nearly all the group's revenues related to the sale of goods, and the performance obligation under contracts with customers is satisfied on shipment of goods to the customer, including when performance obligations are satisfied in a bill and hold arrangement.

The group has determined therefore that revenue on sale of goods is recognised at the date of delivery of goods to the customer, that is at a point in time, which was the same policy adopted under previous standard IAS 18. There has therefore been no impact of the standard on the accounting treatment, and no adjustments were made on initial implementation of IFRS 15.

The group has a very small level of revenue from the provision of services, mainly assisting customers with the installation of equipment. The performance obligation in this case is satisfied on installation and is recognised as revenue at that point. This is also unchanged from the previous policy.

The directors consider there are no significant judgements required in the application of IFRS 15 that significantly alter the determination of the amount and the timing of revenue from the contracts with customers.

## **NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Accounting standards issued but not yet effective.

IFRS 16 Leases replaces IAS 17 and related Interpretations. It completes the IASB's project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information.

Other standards in issues at the year end, but not yet effective are:

|               |   |
|---------------|---|
| IFRS 9        | Amendment of prepayments features with negative compensation      |
| IFRIC 23      | Uncertainty over income tax treatments                            |
| IAS 19        | Pension plan amendment, curtailment or settlement                 |
| IAS 28        | Amendment to long term interests in Associates and joint ventures |
| Various       | Annual improvements to IFRS 2015-17 cycle                         |
| IFRS 3        | Business combinations- amendments                                 |
| IAS and IAS 8 | Amendments to the definition of material                          |

Amendments to the IFRS Conceptual Framework

None of these are expected to have any material impact on the group.

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

The directors consider there are no critical accounting estimates or judgements in the preparation of the financial statements.

### **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.

Revenue from the sale of goods is recognised when goods are delivered to the customer, except as noted below. Supplier rebates are deducted from cost of sales when it is probable that they will be achieved.

The company makes bill and hold sales, in which delivery is delayed at the buyer's request but the buyer takes title to and risk in the goods, and accepts billing. Provided that:

- it is probable that delivery will be made;
- the goods are on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- the buyer specifically acknowledges the deferred delivery instructions; and
- the usual payment terms apply
- the revenue is recognised at the time of invoicing, which is also when the goods are identified and made ready for the buyer.

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

## **NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### **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.

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

### **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 substantively 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. 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 substantively 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.



## **NORTHAMBER PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2019**

#### **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.

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

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.

#### **Assets held for sale**

Assets are classified as held for sale where their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

#### **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.

## **NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is on the FIFO basis and comprises finished goods and goods for resale. 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.

### **Investments**

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

### **Financial instruments**

#### **Recognition of financial instruments**

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provision of the instrument.

#### **Initial and subsequent measurement of financial assets**

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

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

##### ***Trade receivables***

Trade receivables are initially measured at their transaction price.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

#### **Impairment of financial assets**

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

## **NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### ***Trade receivables***

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the life time expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by age of receivable.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

### **Financial instruments measured in accordance with IAS 39**

The following accounting policy applies to the impairment of financial instruments before 1 July 2018.

#### **Impairment of trade, group and other receivables under IAS 39**

A provision for impairment was recognised in a separate loss allowance when there was objective evidence that amounts would not be recovered in accordance with original terms of the agreement, including customers with financial difficulties or in default on payments or customers expected to enter bankruptcy or liquidation. The carrying value of the receivable was reduced through the use of an allowance account and any impairment loss was recognised in profit and loss.

Amounts were written-off when repayments of principal and any interest were more than 90 days past due, or when the customer is put into bankruptcy or liquidation.

#### **Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Initial and subsequent measurement of financial liabilities**

##### ***Trade, group and other payables***

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

## NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### Derecognition of financial assets (including write-offs) and financial liabilities.

A financial asset (or part of thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when contractual rights to receive the cash flows of the financial assets and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written –off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

### Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

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.
- Capital Redemption Reserve – represents the nominal value of shares which have been redeemed and cancelled.
- Treasury Shares – represents the cost of shares held in Treasury.
- 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.

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders until the shares are cancelled or re-issued.

Where shares are cancelled a corresponding transfer is made to capital redemption reserve.

### Capital management

The Group's capital comprises equity, and its objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure.

In order to manage the capital structure the Group can adjust the amount of dividends paid to shareholders, purchase the Company's shares, return capital to shareholders or issue new shares.

## NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In line with Group policy, the group has no external debt finance hence gearing is not measured. The company has 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 2006.

### 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.

### 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.

### 3. Revenue

Although the sales of the group are predominantly to the UK there are sales to other countries and the following table sets out the split of the sales for the year. Revenue is attributable to individual countries based on the location of the customer.

| Revenues comprise:                         | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Revenue from contracts with customers - UK | 49,655        | 57,661        |
| - Other                                    | <u>674</u>    | <u>475</u>    |
|  | 50,329        | 58,136        |
| Investment revenue                         | <u>272</u>    | <u>90</u>     |
|  | <u>50,601</u> | <u>58,226</u> |

Revenue from contracts with customers comprises sale of goods which are recognised at a point in time and relate to electrical or electronic products. Service revenues are immaterial.

Revenues are stated after discounts, rebate and price reductions. Customers only have a right to return goods in accordance with contractual terms. Payment terms are vary between 30 and 90 days.

One customer accounted for more than 10% (2018: 10%) of the group's revenue for the year, being £6.4m (2018: £7.6m).

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. Loss from operations**

Operating loss is stated after (crediting)/charging:

|  | <b>2019</b>  | <b>2018</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Foreign exchange loss /(gain)                            | 49           | (56)         |
| Depreciation of property, plant and equipment            | 153          | 188          |
| Amounts written off inventory                            | 23           | 17           |
| Operating lease charges – land and buildings             | 6            | 6            |
| Fees paid to the company's auditor                       |              |              |
| for the audit of the company annual financial statements | 55           | 48           |
| for tax compliance services                              | 4            | 4            |
| for corporate finance services                           | 8            | -            |

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 £1,113,000 (2018: loss of £1,014,000) and is stated after taxation.

**Breakdown of expenses by nature**

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Purchase of goods for resale                                | 45,998        | 53,589        |
| Employee benefit expense                                    | 3,232         | 3,348         |
| Foreign exchange loss /(gain)                               | 49            | (56)          |
| Depreciation of property, plant and equipment               | 153           | 188           |
| Other external charges                                      | <u>1,767</u>  | <u>1,646</u>  |
| Total costs of sales, distribution and administrative costs | <u>51,199</u> | <u>58,715</u> |

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. Staff costs**

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

|                | <b>2019</b>   | <b>2018</b>   |
|----------------|---------------|---------------|
|                | <b>Number</b> | <b>Number</b> |
| Sales          | 33            | 39            |
| Administration | 27            | 31            |
| Warehouse      | 12            | 14            |
| Engineering    | <u>1</u>      | <u>1</u>      |
|                | <u>73</u>     | <u>85</u>     |

|   | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Their aggregate remuneration comprised: |              |              |
| Staff costs:                            |              |              |
| Wages and salaries                      | 2,851        | 2,953        |
| Social security costs                   | 291          | 313          |
| Pension costs                           | 59           | 54           |
| Other benefits                          | <u>31</u>    | <u>28</u>    |
|   | <u>3,232</u> | <u>3,348</u> |

Included in the above is key management personnel compensation as set out below. 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.

|                       | <b>2019</b>  | <b>2018</b>  |
|-----------------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> |
| Remuneration          |              |              |
| Salaries and Fees     | 99           | 102          |
| Social security costs | 10           | 11           |
| Pension costs         | 10           | 10           |
| Benefits              | <u>20</u>    | <u>17</u>    |
|                       | <u>139</u>   | <u>140</u>   |

**6. Investment revenue**

|                          | <b>Group</b> |              |
|--------------------------|--------------|--------------|
|                          | <b>2019</b>  | <b>2018</b>  |
|                          | <b>£'000</b> | <b>£'000</b> |
| Bank interest receivable | 6            | 6            |
| Rental income            | <u>266</u>   | <u>84</u>    |
|                          | <u>272</u>   | <u>90</u>    |

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Tax on loss/profit on ordinary activities**

|                     | Group    |          |
|---------------------|----------|----------|
|                     | 2019     | 2018     |
|                     | £'000    | £'000    |
| Current taxation    | -        | -        |
| Charge for the year | <u>-</u> | <u>-</u> |

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

|  | Group        |              |
|--|--------------|--------------|
|  | 2019         | 2018         |
|  | £'000        | £'000        |
| Loss on ordinary activities before tax                             | <u>(598)</u> | <u>(489)</u> |
| Tax at the UK corporation tax rate of 19.00% average (2018:19.00%) | (114)        | (93)         |
| Other differences  | 13           | 26           |
| Deferred tax asset not recognised                                  | <u>101</u>   | <u>67</u>    |
| Total actual amount of charge for the year                         | <u>-</u>     | <u>-</u>     |

The Group has tax losses of £4.7m (2018: £4.2m) to carry forward. No deferred tax asset is recognised in respect of the losses due to the uncertainty there will be sufficient taxable profits in future to absorb them.

**8. Dividends**

Amounts recognised as distribution to equity holders in the period:

| Dividends paid in year                         | 2019            |           | 2018            |           |
|--|-----------------|-----------|-----------------|-----------|
|  | Pence Per Share | £'000     | Pence Per Share | £'000     |
| Final – for year ended 30 June 2018            | 0.10            | 28        | 0.10            | 28        |
| Interim – for year ended 30 June 2019          | 0.10            | 27        | 0.10            | 28        |
|  | <u>0.20</u>     | <u>55</u> | <u>0.20</u>     | <u>56</u> |
| Proposed final for the year ended 30 June 2019 | <u>0.30</u>     | <u>82</u> | <u>0.10</u>     | <u>28</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.



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**9. Loss per ordinary share**

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

|   |                   |                   |
|---|-------------------|-------------------|
|   | <b>2019</b>       | <b>2018</b>       |
|   | <b>£'000</b>      | <b>£'000</b>      |
| Loss for the year attributable to equity holders of the parent company  | <u>(598)</u>      | <u>(489)</u>      |
|   | <b>2019</b>       | <b>2018</b>       |
| <b>Number of shares</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>27,499,434</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 2018 and 2019.

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.

**NORTHAMBER PLC**  
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**10. Property, plant and equipment**

|                                       | <b>Land and<br/>Buildings</b> | <b>Plant and<br/>Equipment</b> | <b>Total</b>        |
|---------------------------------------|-------------------------------|--------------------------------|---------------------|
|                                       | <b>£'000</b>                  | <b>£'000</b>                   | <b>£'000</b>        |
| <b>Group</b>                          |                               |                                |                     |
| <b>Cost</b>                           |                               |                                |                     |
| At 1 July 2017                        | 9,265                         | 1,567                          | 10,832              |
| Additions                             | -                             | 57                             | 57                  |
| Disposals                             | -                             | (258)                          | (258)               |
| At 30 June 2018                       | <u>9,265</u>                  | <u>1,366</u>                   | <u>10,631</u>       |
| <b>Depreciation</b>                   |                               |                                |                     |
| At 1 July 2017                        | 1,457                         | 1,350                          | 2,807               |
| Depreciation charge for the year      | 128                           | 60                             | 188                 |
| Disposals                             | -                             | (258)                          | (258)               |
| At 30 June 2018                       | <u>1,585</u>                  | <u>1,152</u>                   | <u>2,737</u>        |
| <b>Net book value at 30 June 2018</b> | <u><u>7,680</u></u>           | <u><u>214</u></u>              | <u><u>7,894</u></u> |
| <b>Group</b>                          |                               |                                |                     |
| <b>Cost</b>                           |                               |                                |                     |
| At 1 July 2018                        | 9,265                         | 1,366                          | 10,631              |
| Adjustment                            | 1                             | (1)                            | 0                   |
| Additions                             | -                             | 71                             | 71                  |
| Disposals                             | -                             | (9)                            | (9)                 |
| Assets held for sale                  | (6,692)                       | -                              | (6,692)             |
| At 30 June 2019                       | <u>2,574</u>                  | <u>1,427</u>                   | <u>4,001</u>        |
| <b>Depreciation</b>                   |                               |                                |                     |
| At 1 July 2018                        | 1,585                         | 1,152                          | 2,737               |
| Adjustment                            | 2                             | (1)                            | 1                   |
| Depreciation charge for the year      | 89                            | 64                             | 153                 |
| Disposals                             | -                             | (9)                            | (9)                 |
| Assets held for sale                  | (673)                         | -                              | (673)               |
| At 30 June 2019                       | <u>1,003</u>                  | <u>1,206</u>                   | <u>2,209</u>        |
| <b>Net book value at 30 June 2019</b> | <u><u>1,571</u></u>           | <u><u>221</u></u>              | <u><u>1,792</u></u> |

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. Property, plant and equipment**

|                                       | Land and<br>Buildings<br>£'000 | Plant and<br>Equipment<br>£'000 | Total<br>£'000      |
|---------------------------------------|--------------------------------|---------------------------------|---------------------|
| <b>Cost</b>                           |                                |                                 |                     |
| At 1 July 2017                        | 2,574                          | 1,566                           | 4,140               |
| Additions                             | -                              | 57                              | 57                  |
| Disposals                             | -                              | (258)                           | (258)               |
| At 30 June 2018                       | <u>2,574</u>                   | <u>1,365</u>                    | <u>3,939</u>        |
| <b>Depreciation</b>                   |                                |                                 |                     |
| At 1 July 2017                        | 891                            | 1,350                           | 2,241               |
| Depreciation charge for the year      | 56                             | 59                              | 115                 |
| Disposals                             | -                              | (258)                           | (258)               |
| At 30 June 2018                       | <u>947</u>                     | <u>1,151</u>                    | <u>2,098</u>        |
| <b>Net book value at 30 June 2018</b> | <u><u>1,627</u></u>            | <u><u>214</u></u>               | <u><u>1,841</u></u> |
| <b>Cost</b>                           |                                |                                 |                     |
| At 1 July 2018                        | 2,574                          | 1,365                           | 3,939               |
| Additions                             | -                              | 71                              | 71                  |
| Disposals                             | -                              | (9)                             | (9)                 |
| At 30 June 2019                       | <u>2,574</u>                   | <u>1,427</u>                    | <u>4,001</u>        |
| <b>Depreciation</b>                   |                                |                                 |                     |
| At 1 July 2018                        | 947                            | 1,151                           | 2,098               |
| Depreciation charge for the year      | 56                             | 64                              | 120                 |
| Disposals                             | -                              | (9)                             | (9)                 |
| At 30 June 2019                       | <u>1,003</u>                   | <u>1,206</u>                    | <u>2,209</u>        |
| <b>Net book value at 30 June 2019</b> | <u><u>1,571</u></u>            | <u><u>221</u></u>               | <u><u>1,792</u></u> |

## NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 11. Investment in group companies

| Company                         | Total<br>£'000 |
|---------------------------------|----------------|
| Cost                            |                |
| At 1 July 2018 and 30 June 2019 | <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<br>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     |

The registered office of all of these companies is detailed on page 26.

### 12. Inventories

|                  | Group and Company |               |
|------------------|-------------------|---------------|
|                  | 2019<br>£'000     | 2018<br>£'000 |
| Goods for resale | <u>3,320</u>      | <u>3,378</u>  |

Cost of sales include £45,998,000 (2018:£53,588,000) inventory expensed in the year's statement of comprehensive income. An impairment charge of £23,000 is recognised in cost of sales (2018: £17,000)

### 13. Trade and other receivables

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| Trade receivables                            | 9,401         | 8,097         | 9,401         | 8,097         |
| Less provision for impairment of receivables | (136)         | (85)          | (136)         | (85)          |
| Net trade receivables                        | <u>9,265</u>  | <u>8,012</u>  | <u>9,265</u>  | <u>8,012</u>  |
| Prepayments                                  | 227           | 133           | 227           | 133           |
|  | <u>9,492</u>  | <u>8,145</u>  | <u>9,492</u>  | <u>8,145</u>  |

The directors do not consider the fair value of trade and other receivables to be significantly different from their carrying values. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is very low.

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**13. Trade and other receivables (continued)**

Trade receivables older than credit terms

Ageing of past due receivables is as follows:

|                       | <b>Group and Company</b> |              |
|-----------------------|--------------------------|--------------|
|                       | <b>2019</b>              | <b>2018</b>  |
|                       | <b>£'000</b>             | <b>£'000</b> |
| 0-30 days past due    | 109                      | 52           |
| 30 - 60 days past due | 12                       | 20           |
| 60 - 90 days past due | 27                       | 89           |
| 90+ days past due     | 238                      | 118          |
| <b>Total</b>          | <b>386</b>               | <b>279</b>   |

**Trade and other receivables impairment provision**

|                                       | <b>Group and Company</b> |                 |
|---------------------------------------|--------------------------|-----------------|
|                                       | <b>2019</b>              | <b>2018</b>     |
|                                       | <b>£'000</b>             | <b>£'000</b>    |
|                                       | <b>(IFRS 9)</b>          | <b>(IAS 39)</b> |
| Balance at beginning of period        | 85                       | 82              |
| Amounts written off as uncollectable  | (13)                     | (42)            |
| Increase in impairment loss provision | 64                       | 45              |
| <b>Total</b>                          | <b>136</b>               | <b>85</b>       |

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.

**NORTHAMBER PLC**  
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**FOR THE YEAR ENDED 30 JUNE 2019**

**14. Cash and cash equivalents**

|  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2019         | 2018         | 2019         | 2018         |
|  | £'000        | £'000        | £'000        | £'000        |
| Bank balances and cash in hand                       | 3,446        | 5,067        | 3,320        | 5,034        |
| Cash and cash equivalents in statement of cash flows | <u>3,446</u> | <u>5,067</u> | <u>3,320</u> | <u>5,034</u> |

**15. Assets held for sale**

|          | Group        |          | Company  |          |
|----------|--------------|----------|----------|----------|
|          | 2019         | 2018     | 2019     | 2018     |
|          | £'000        | £'000    | £'000    | £'000    |
| Property | <u>6,019</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Following the decision on 14 December 2018 by the board to sell the distribution centre this asset has been presented as held for sale. The sale was completed on 8 July 2019.

In accordance with IFRS 5 the asset is carried at the lower of carrying value and fair value less costs to sell at the date the asset was first classified as held for sale, and this was updated at the reporting date. In the opinion of the directors the fair value less costs to sell exceeded the carrying amount at both dates. Depreciation of the asset ceased at the date of classification as held for sale.

**16. Trade and other payables**

|                               | Group        |              | Company       |               |
|-------------------------------|--------------|--------------|---------------|---------------|
|                               | 2019         | 2018         | 2019          | 2018          |
|                               | £'000        | £'000        | £'000         | £'000         |
| Trade payables                | 6,380        | 6,054        | 6,380         | 6,054         |
| Inter company payables        | -            | -            | 4,007         | 3,568         |
| Other payables                | 38           | 37           | 38            | 37            |
| VAT                           | 627          | 541          | 614           | 521           |
| Other tax and social security | 82           | 84           | 82            | 84            |
| Accruals and deferred income  | 307          | 248          | 291           | 222           |
|                               | <u>7,434</u> | <u>6,964</u> | <u>11,412</u> | <u>10,486</u> |

The financial liabilities shown above are those which were outstanding at 30 June 2019. The average credit period taken for trade payables is 42 days (2018: 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.

**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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| 17. Share capital   | Group and Company |              |
|---|-------------------|--------------|
|   | Number            | £'000        |
| Authorised shares of 1p each<br>At 30 June 2019 and 2018  | <u>80,000,000</u> | <u>2,000</u> |
| Issued and fully paid shares of 1p each<br>At 1 July 2018 | 28,158,735        | 281          |
| Cancellation of ordinary shares<br>At 30 June 2019        | <u>(802,149)</u>  | <u>(8)</u>   |
|   | <u>27,356,586</u> | <u>273</u>   |

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

The company acquired 827,149 shares through purchases on the London Stock Exchange during the year. Of these 802,149 were cancelled and 25,000 remain at the year end, held as Treasury shares.

**18. Capital commitments**

There were no capital commitments at 30 June 2019 (2018: £Nil).

**19. Operating lease arrangements**

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| Minimum lease payments under operating<br>leases recognised in profit or loss for the year | <u>6</u>      | <u>6</u>      | <u>601</u>    | <u>607</u>    |

At 30 June 2019, the group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | Group         |               | Company       |               |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| One year                   | -             | 6             | 601           | 607           |
| Between one and five years | -             | 6             | 751           | 757           |
|                            | <u>-</u>      | <u>12</u>     | <u>1,352</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.

## NORTHAMBER PLC

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

#### 20. Related party transactions

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

During the year, the company paid £601,000 (2018: £601,000) rent to Anitass Limited, a wholly owned subsidiary. At the year end Northamber plc owed Anitass Limited £4,007,000 (2018: £3,568,000).

At the year end, £135,000 (2018: £178,000) was held by the company on Mr D.M. Phillips' behalf. This amount has not been included in the cash and cash equivalents balance reported in the Consolidated Statement of Financial Position at the year end. Cash transfers and payments, mainly of foreign currencies, totalling £99,669, and cash receipts, largely dividends, totalling £57,048, were recorded in the year.

Interest of £350 (2018: £749) earned during the year, is included within the balance of £135,000 (2018: £178,000).

During the year the company paid £13,300 (2018:13,400) for administrative and support work to Bernadette Henry, the wife of the Operational Director Mr. John Henry. In the directors' opinion the payments are at an arm's length basis.

The company paid £12,780 to the Non-Executive Director Mr Colin Thompson for IT Consultancy work after he joined the Board on 27 February 2019.

#### 21. Events after the reporting date

The Company has sold its freehold warehouse premises in July 2019 for £16,400,000. The net book value of the premises at 30 June 2019 was £6,019,000. The company has entered into a lease of the premises at an annual rent of £175,000 per annum for two years.

#### 22. Contingent liabilities

In order for the Company's subsidiary, Anitass Limited, to take the audit exemption in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of that subsidiary company at 30 June 2019 until those liabilities are satisfied in full.

#### 23. Financial instruments exposure

The interest rate exposure of the financial assets and liabilities of the group and company as at 30 June 2019 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.

|                                    | Floating<br>£'000 | Zero<br>£'000 | Total<br>£'000 |
|------------------------------------|-------------------|---------------|----------------|
| <b>Group</b>                       |                   |               |                |
| Financial assets at amortised cost |                   |               |                |
| Cash and cash equivalents:         |                   |               |                |
| Sterling                           | 2,566             | -             | 2,566          |
| US Dollars (Sterling equivalent)   | 725               | -             | 725            |
| Euros (Sterling equivalent)        | 155               | -             | 155            |
| Trade and other receivables        | -                 | 9,265         | 9,265          |
| <b>Total</b>                       | <u>3,446</u>      | <u>9,265</u>  | <u>12,711</u>  |



**NORTHAMBER PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|   | Floating<br>£'000 | Zero<br>£'000 | Total<br>£'000 |
|---|-------------------|---------------|----------------|
| Financial liabilities at amortised cost |                   |               |                |
| Trade payables:                         |                   |               |                |
| Sterling                                | -                 | 5,185         | 5,185          |
| US Dollars (Sterling equivalent)        | -                 | 942           | 942            |
| Euros (Sterling equivalent)             | -                 | 253           | 253            |
| Other payables                          | -                 | 38            | 38             |
| Total                                   | <u>-</u>          | <u>6,418</u>  | <u>6,418</u>   |

|                                      | Floating<br>£'000 | Zero<br>£'000 | Total<br>£'000 |
|--------------------------------------|-------------------|---------------|----------------|
| <b>Company</b>                       |                   |               |                |
| Financial assets – at amortised cost |                   |               |                |
| Cash and cash equivalents:           |                   |               |                |
| Sterling                             | 2,440             | -             | 2,440          |
| US Dollars (Sterling equivalent)     | 725               | -             | 725            |
| Euros (Sterling equivalent)          | 155               | -             | 155            |
| Trade and other receivables          | -                 | 9,265         | 9,265          |
| Total                                | <u>3,320</u>      | <u>9,265</u>  | <u>12,585</u>  |

|   | Floating<br>£'000 | Zero<br>£'000 | Total<br>£'000 |
|---|-------------------|---------------|----------------|
| Financial liabilities at amortised cost |                   |               |                |
| Trade payables:                         |                   |               |                |
| Sterling                                | -                 | 5,185         | 5,185          |
| US Dollars (Sterling equivalent)        | -                 | 942           | 942            |
| Euros (Sterling equivalent)             | -                 | 253           | 253            |
| Inter Company payables                  | -                 | 4,007         | 4,007          |
| Other payables                          | -                 | 38            | 38             |
| Total                                   | <u>-</u>          | <u>10,425</u> | <u>10,425</u>  |

The directors estimate that an increase or decrease in annual average interest rates of 0.5% would increase/decrease profit before tax by approximately £21,000 (2018: £25,000).

**Maturity of Financial Instruments**

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

## **NORTHAMBER PLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Notice is hereby given that the Annual General Meeting of Northamber plc will be held at Namber House, 23 Davis Road, Chessington, Surrey, KT9 1HS on 18 December 2019 at 12 noon for the following purposes:-

1. To receive and adopt the company's accounts for the year ended 30 June 2019 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 2019 be received and approved.
3. To declare a dividend on the ordinary shares of the company.
4. Re-elect Mr D.M. Phillips as a director.
5. Re-elect Mr G.P. Walters as a director.
6. To elect Mr C.M. Thompson as a director.
7. To re-appoint RSM UK Audit LLP 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 £182,378 (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 8 above up to an aggregate nominal amount of £91,188 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 14 March 2021 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 2,735,658 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.



S. Yoganathan  
Company Secretary

Registered Office:  
Number 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.

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Northamber plc • Namber House • 23 Davis Road • Chessington • Surrey • KT9 1HS  
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