



Full Year Ended 30th June 2002

R&A

REPORT & ACCOUNTS



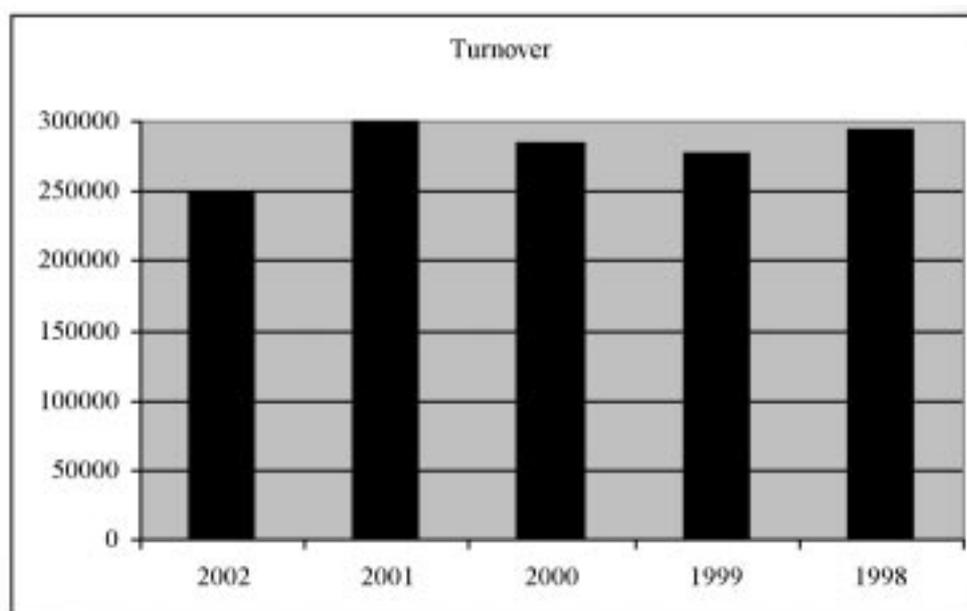
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## SUMMARY OF LAST FIVE YEARS' TRADING

	Years ending 30 June				
	2002 £'000	2001 £'000	2000 £'000	1999 £'000	1998 £'000
Turnover	250,410	299,170	284,270	277,727	293,461
Profit Before Tax	456	5,508	7,523	6,038	8,811
Earnings Per Share	0.91p	11.3p	15.1p	11.8p	17.3p
Net Assets Per Share *	100.7p	103.7p	99.0p	89.8p	83.0p
Dividends Per Share(net)	4.2p	6.2p	6.0p	5.0p	4.2p

\* after adjusting for the effects of FRS19



## CHAIRMAN'S STATEMENT

### Results

Given the extreme depression in the IT Hardware Sector, which in our case was exacerbated by the Hewlett-Packard (H-P)/Compaq merger, I believe that shareholders will be comforted by our results. These show that we returned profits, albeit small, in both the first and second half of the year.

Reduced sales of £250 million (30th June 2001 £299 million) resulted in a Pre-Tax profit of £456,000 compared with the £5,508,000 a year ago. The earnings per share dropped to 0.91p against the 11.3p as at 30th June 2001.

We generated a significant cash balance of £8,587,000 and despite the decline in profits, we have no core debt. This allows us to pay significant dividends, although subject to the AGM, reduced from last year's level.

### Trading

The year opened with unusually low demand levels in volume I.T. hardware sales serving to drive further price erosion. The key corporate-user sector demand was further interrupted by both the aftermath of 11th September and the subsequent economic downturn.

As Hewlett-Packard is our largest supplier, the long drawn HP/Compaq merger caused us significant additional problems. During the merger process, demand levels dropped, fuelling still further price erosion. Then, as a result of the merger, the previous ranges of HP branded computers were announced as being replaced as new, combined HP/Compaq, models are released.

As our shareholders are aware, we take a very conservative attitude to business and avoid whenever possible low and potentially negative margin business. This attitude, together with high levels of price erosion led to a fall of approximately £46m in our comparative H-P sales, which accounts for virtually all of our year on year decline in sales.

On a positive note; as a result of the HP/Compaq merger, I can report that we will shortly be adding distribution of the Compaq brand to our existing offerings. A market leading brand from which we have until now been excluded.

The reason for the relatively strong performance in the rest of our business was the introduction of new products and services.

Our skills based activities have since been re-focused on new and incremental trading activities within the convergence and digital communications arena. These have far stronger margins and more stable product life cycles. The intention being to reduce future exposure to the volatile trends of the I.T. hardware sector.

At the half-year, I advised we had taken steps to significantly reduce costs and these were successful. Including the newer activities, staff numbers at year-end were 350 against 415 a year ago. We also achieved improved efficiencies from fewer operational facilities.

Whilst taking actions to avoid loss, the ongoing extent of the downturn and trading difficulties, negated the anticipated gains. That also included masking the stronger and growing contributions from our other and newer, higher value and more specialised activities.

## **CHAIRMAN'S STATEMENT**

### **The Balance Sheet**

Our balance sheet remains very strong, with £8.6m of cash at year-end. Net Assets of £32.7 million compare with £33.97 million a year ago, or 100.7p per share, are after dividend payments over the year of £2.02 million and the re-purchase of 305,000 shares for cancellation at a cost of £214,000.

Within the generally depressed trading environment of the sector, there was necessary close focus on minimising our bad-debt exposure ratio. This fell to very slightly over 0.13% of sales.

The preserved financial strength benefited from appropriate, pre-emptive management actions a year ago. Although the further sales downturn largely dissipated the benefits. The close focus on key ratios, avoided a worse outcome within the limited, viable trading opportunities available to ourselves.

### **The Board**

We are pleased to advise that Michael Ayrton has agreed to join the Board as a non-executive director. Michael has very many years experience in the commercial banking sector, with emphasis on corporate credit risks.

An Associate of the Chartered Institute of Bankers, he has held various very senior executive positions, including time spent with AIB Group (UK) plc, with periods spent as Head of Corporate Banking and also as Head of Risk Management.

### **Dividend**

When considering dividend policy, it is always pleasing to translate an upturn into an increased payment. However, in adverse conditions, that same objectivity sometimes needs to be applied in reverse. In balancing the wishes of our shareholders, it is important to ensure our healthy balance sheet is not compromised, pending a return to the cash demands of more normal trading levels.

Having generated £7.18 million net cash in the period, we are recommending a reduced final dividend of 2p making at total of 4.2p for the full year compared with the 6.2p last year.

The proposed dividend will be payable on 10th January 2003 to members on the Register as at 20th December 2002.

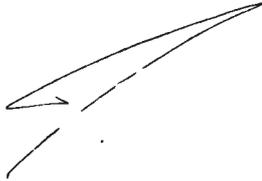
## CHAIRMAN'S STATEMENT

### Outlook

Any short-term market recovery remains unlikely. The extensive consolidations of the past year should provide the I.T. hardware sector the opportunity to commercially mature from a revenue growth focus, to one based on the value of the working capital employed.

The Compaq opportunity will shortly be available to us, on equal terms and with the cost realignment actions being already taken, should also allow more of the contribution from the newer, higher margin activities to come through.

Your Board is confident in a satisfactory outcome for the remainder of the current trading year, if understandably cautious as to the extent of any recovery.



D.M. Phillips  
Chairman  
25th September, 2002

## **OPERATING AND FINANCIAL REVIEW**

### **Operating Review**

The 2001/2 results reflected the extremely difficult and depressed market conditions in the I.T. hardware sector. Our experienced and focused management team enabled Northamber to minimise the effect on the results.

Operating as a wholesale distributor for leading computer and peripheral manufacturers, our core products remain personal computers, servers, notebooks, printers, computer components, network products and telephony products.

There are always new product opportunities either through manufacturers expanding their product range, or new vendors coming on stream. During the year we have welcomed a number of new franchise relationships including one with the Avaya group.

### **Financial Review**

As detailed in the Chairman's statement sales fell by some £49 million to £250 million with pre-tax profits of £0.46million. Despite the actions taken avoiding low margin and loss making turnover, gross margins were significantly further reduced from 8.14% to 7.71%.

There was an exceptional profit in the year of £321,000, mainly as a result of selling 2 surplus properties.

Although the overall performance of the group was below last year's, the group still continued to generate cash in the year of £7.18million. Net interest received for the year was £106,000 compared with a net interest charge of £269,000 in the previous year.

Working capital controls continue to be exercised stringently. For the year the average debtor days were 33 (2001 - 34) and the average creditor days were 29 (2001 - 20).

For the year end, the impact of FRS19 was incorporated in the accounts and had the effect of increasing the recognised Deferred Tax Liability by some £703,000, brought forward from previous years. Despite this, the net assets of the Company at £32.7million represented 100.7p per share at year end.

The Company's main objective is to retain a strong balance sheet position, this it has continued to do.

### **Going Concern**

After making appropriate enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

### **Treasury Activities and Financial Instruments**

It is the Group's policy not to speculate in derivative financial instruments in either sterling or foreign currencies. Foreign currency purchases where required for supplier payments are subject to close management supervision.

It is the policy of the Group not to have long-term loans or other financial instruments except in particular circumstances when approved by the board of directors.

In April 1996 a long term loan was taken out to facilitate the purchase of an investment property on a long institutional quality lease to the local authority in Arbroath. That loan was repaid in the year and the group had no other long-term loans.

## OPERATING AND FINANCIAL REVIEW

It is the Group's policy not to hedge translation or currency exposure.

There have been no changes in the role of financial instruments during the period.

The maturity and the interest rate profile of any financial instruments are disclosed in the notes to the accounts.



Henry Matthews  
Managing Director  
25th September 2002

## REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the accounts for the year ended 30th June 2002.

### Principal Activities

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

### Review of Business

The consolidated profit and loss account for the financial year is set out on page 23.

The Directors consider that in view of the industry circumstances the level of business for the year was satisfactory and the year end financial position remains strong. The Directors cautiously expect that the present level of activity may be sustained for the foreseeable future.

### Dividends

The Directors have declared or proposed the following dividends in respect of the year ended 30th June

	2002 £'000	2001 £'000
Ordinary dividends		
Interim Paid	715	721
Proposed final	649	1,311
	=====	=====
	1,364	2,032
	=====	=====

The final dividend will be paid on 10th January 2003 to all members on the register at the close of business on 20th December 2002.

### Directors

The current Directors of the Company are listed on page 18.

Mr M. J. Ayrton was appointed a director on 11 July 2002.

### Substantial Shareholdings

The following shareholders held disclosable interests, as defined by The Disclosure of Interests in Shares (Amendment) Regulations 1993, at 30th August 2002 as detailed below:

	Ordinary Shares of 5p each
D.M. Phillips	53.25%
BNY(OCS) Nominees Limited	8.21%
M.C.B. Ward	3.77%
Electra Active Management PLC	3.08%

### Purchase of own Shares

During the year the Company purchased 305,000 ordinary shares of 5p each at an average price of 70.10p per share. The total cost of purchase including expenses was £213,817.

### Auditors

A resolution to reappoint the auditors, Deloitte & Touche, will be proposed at the Annual General Meeting.

### Creditors' Payment Policy

The Group's payment policy is to:

- (i) determine terms of payment with suppliers when agreeing the terms of transactions;
- (ii) ensure that suppliers are made aware of the terms of payment; and
- (iii) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services.

Creditor days of the Group and of the Company at 30th June 2002 were 29 (2001 – 20). It is the Company's policy to take full advantage of settlement discounts offered by suppliers.

## REPORT OF THE DIRECTORS

### Employees

Every effort is made to keep staff as fully informed as possible about the operations and progress of the Group.

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

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

### Donations

During the year the Group made charitable donations amounting to £250 (2001 £1,400). No political donations were made in the year (2001 £Nil).

By order of the Board



S. Yoganathan ACMA  
Company Secretary  
25th September 2002

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

### Directors' Remuneration

The Company has complied throughout the year with Section A of the best practice provisions for Directors' remuneration annexed to the UK Listing Authority's Listing Rules, which concerns the membership and operation of the Remuneration Committee.

The Company's Remuneration Committee decides the remuneration policy that applies to executive Directors. In determining that policy it has given full consideration to Section B of the best practice provisions for Directors' remuneration annexed to the UK Listing Authority's Listing Rules. Further details are given in the report on Corporate Governance on page 15.

### Salaries and Benefits

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

### Share Options

The Northamber Share Option Scheme expired in September 1995 and so no further options can be issued under this scheme. It has not been replaced by any other share option scheme. Options granted to H.W. Matthews under this scheme are detailed below. The last options to be granted to H.W. Matthews were in July 1995. The granting was not conditional on any performance criteria.

### Pensions

The Company makes contributions to defined contribution Personal Pension Schemes for all the executive Directors. The amounts paid are detailed below.

The pension scheme for D.M. Phillips and H.W. Matthews is a small, self-administered scheme that is limited by trust deed and scheme rules. The elements of remuneration that are pensionable are discretionary under the scheme. For the year to 30th June 2002 no contributions were made to the scheme for either director. The scheme falls outside the Inland Revenue pensions cap and is separate from the main staff pension scheme.

### Contracts of service

Two of the executive Directors, D.M. Phillips and H.W. Matthews, have service contracts which were renewed with effect from 1st April 2002 as one year rolling contracts.

### Directors' detailed emoluments

Details of Directors' emoluments are as follows:

	Salaries and Fees		Bonus Payments		Benefits		Total		Pension	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>Executives</b>										
D. M. Phillips	180	180	-	-	26	21	206	201	-	30
H. W. Matthews	200	200	-	-	19	20	219	220	-	30
D Ives (10/8/00 – 28/11/00)	-	26	-	-	-	-	-	26	-	-
<b>Non-Executive</b>										
G. Cole	4	7	-	-	-	-	4	7	-	-
A.L. Caplin	23	30	-	-	-	-	23	30	-	-
	407	443	-	-	45	41	452	484	-	60

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

### Directors' interests

#### Interests in shares

Directors in office at 30th June 2002 had the following beneficial interests in the shares of the Company:

Ordinary Shares of 5p each	30th June 2002	30th June 2001
D.M. Phillips	17,288,295	17,282,942
H.W. Matthews	743,324	743,324
G. Cole	2,000	2,000
A.L. Caplin	94,000	60,000

Between 30th June 2002 and 30th August 2002 there have been no changes in the interests of the above named Directors in the shares of the Company. Mr M. J. Ayrton, who was appointed a director on 11 July 2002 had a beneficial holding of 5,630 shares in the company at the date of his appointment. There have been no changes in his holding up to 30th August 2002.

The market price of the Company's shares at 28th June 2002 was 63.5p. The range of market prices during the year was 55p to 89p.

#### Interests in share options

Details of options held by Directors are set out below:

Share Options	30th June 2002	30th June 2001
H.W. Matthews	419,600	419,600

Share Options	No.	Exercise Price	Exercise Date
H.W. Matthews	261,400	10.00p	4th Dec 1995 - 3rd Dec 2002
H.W. Matthews	158,200	73.75p	12th July 1998 - 11th July 2005



S. Yoganathan ACMA  
By order of the Board  
25th September 2002

## CORPORATE GOVERNANCE

In June 1998, the London Stock Exchange issued the Combined Code, which sets out the Principles of Good Corporate Governance and Code of Best Practice. The Code stems from the report of the Hampel Committee and consolidates the work and recommendations of this Committee with that of the Cadbury and Greenbury Committees.

The Listing Rules require the Company to disclose how it has applied the 14 Principles of Good Governance and to explain the extent to which the Code Provisions have been complied with during the accounting period.

## DIRECTORS

### Board of Directors

The Company is led and controlled through the Board of Directors, which comprises two executive and three non-executive Directors. Biographical details of each Director currently in office appear on page 18. The roles of Chairman and Managing Director are separate such that there is an adequate division of responsibilities at senior board level.

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.

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

### Non-executive Directors

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

### Main Board Responsibilities

The Board meets formally at regular intervals during the year. Meetings are chaired by one of the non-executive Directors. The Board is responsible for the overall direction and strategy of the Group to secure optimum performance. The Board has specified those areas of operations in the Group which are specifically in its domain and may not be delegated; these include the appointment and removal of the Company Secretary.

All Board members receive weekly summary financial information and monthly management accounts. Additional ad-hoc reports on other matters are received and considered as appropriate.

### Board Committees

- **Operations Committee**

The Operations Committee comprises the executive Directors and certain senior business managers. It meets weekly under the Chairmanship of Mr H.W. Matthews, the Managing Director, and deals with the major decisions of the Group other than those dealt with by the Remuneration and Audit Committees or by the full Board.

- **Remuneration Committee**

The Remuneration Committee comprises two non-executive Directors, Mr A.L. Caplin (Chairman) and Mr G. Cole. The Committee meets at least once a year and is responsible for setting the remuneration policy and annual salaries that apply to executive Directors.

- **Audit Committee**

The Audit Committee, chaired by Mr A.L. Caplin, comprises all the non-executive Directors. The Audit Committee meets with the external auditors at least once a year. The Committee's responsibilities include monitoring the relationships with external auditors, reviewing the Group's statutory accounts and other published financial information, monitoring compliance with statutory and UK Listing Authority requirements and instigating other projects as it sees fit.

## CORPORATE GOVERNANCE

### DIRECTORS' REMUNERATION

The Company's Remuneration Committee 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;
- (c) the need to ensure executive Directors' commitment to the continued success of the Company by means of incentive schemes.

The Company'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 Group's performance through target related bonuses;
- (c) provide post-retirement benefits through either the Group's defined contribution pension scheme or by contributing to personal pension plans;
- (d) provide employment-related benefits including the provision of a company car, life assurance, insurance relating to the Director's duties and medical insurance.

The final determination of individual directors' 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. The non-executive Directors do not have service contracts with the Company.

The Report of the Board to the Shareholders on Directors' Remuneration, set out on page 12, gives details of Directors' pay.

### RELATIONS WITH SHAREHOLDERS

The Directors, particularly the Chairman, attend meetings with the Company's institutional shareholders throughout the year. Formal presentations are made to analysts and institutional shareholders following the announcement of the annual and interim results to discuss issues and obtain feedback.

Notice of the Annual General Meeting (AGM) is circulated to all shareholders at least 20 working 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 Accounts represent a balanced and understandable assessment of the Group's and Company's position and prospects whilst also complying with the legal and regulatory requirements for financial reporting relevant to the Company.

### Internal Control

The Board of Directors has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues and has put in place an organisational structure with formally defined lines of responsibilities and delegation of authority. There are established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group'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 Group.

## CORPORATE GOVERNANCE

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 stock and debtors. Particular attention is paid to all matters relating to purchasing, stock, sales, debtors, 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.

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 September 2002.

## COMPLIANCE STATEMENT

The UK Listing Authority's Rules require that the Board reports on the Company's compliance with the Code provisions throughout the accounting period. The Directors believe that the Company has complied with the Code throughout the year except as detailed below.

The recommendation in the Code to establish a Nominations Committee does not apply where the Board is small. The term 'small' is not defined. The Board of the Company comprises five Directors, three of whom are non-executive. At this size, the Board considers that the Board as a whole can handle recommendations on all new Board appointments in an effective manner.

The combined code recommends that the audit committee should comprise at least three directors, all of whom should be independent non-executives. During the year the company only had two non-executives and therefore was not in compliance with the code (D3.1). The Company has now appointed a third non-executive director.

During the year neither of the non-executive directors was considered senior to the other and for this reason the Company had not separately identified a senior independent director (A2.1). The company has now appointed Tony Caplin as senior non-executive.

The Board did not have in place the formal procedure relating to the review of internal control (D2.1) during the year ended 30th June 2002.

**By order of the Board**



S. Yoganathan ACMA  
Company Secretary  
25th September 2002

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors confirm that in preparing the financial statements:

- appropriate accounting policies have been used and applied consistently;
- reasonable and prudent judgements and estimates have been made;
- the financial statements are prepared in accordance with relevant applicable accounting standards; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's and the Group's system of internal control for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTORS AND ADVISERS

### Non-executive Directors

#### **Tony Caplin** \*† (Age 51)

Deputy Chairman

Tony Caplin is non-executive Chairman of Era Plc and William Clowes Ltd, and non-executive director of several companies including Easynet Plc, Jasmin Plc and Ultramind Plc. He is also Chairman of the European Electronic Messaging Association, currently the largest trade association in Europe.

#### **Graham Cole** \*† (Age 56)

Graham Cole was a partner of Coopers & Lybrand and has been involved with Northamber plc for over fourteen years. He is Director of Corporate Finance with Beeson Gregory Ltd.

#### **Michael Ayrton** † (Age 58)

Michael Ayrton, an Associate member of the Chartered Institute of Bankers, with over 40 years experience in the corporate banking industry, has held a number of senior executive positions with the AIB Group (UK) plc, including Head of Corporate Banking and Head of Risk Management. He is currently an authorised senior credit officer for the National Commercial Bank in Saudi Arabia.

\* Member of Remuneration Committee

† Member of Audit Committee

### Executive Directors

#### **David Michael Phillips** (Age 57)

Executive Chairman

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

#### **Henry William Matthews** (Age 58)

Managing Director

Henry Matthews joined Northamber plc in 1981 as Sales Director. He was promoted to Managing Director in 1987.

### Registered Office

1-3 Union Street  
Kingston upon Thames  
Surrey  
KT1 1RP

### Registrars

Computershare Services plc  
PO Box 435  
Owen House  
8 Bankhead Crossway North  
Edinburgh  
EH11 4BR

## DIRECTORS AND ADVISERS

### Registered Auditors

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
London

### Bankers

Allied Irish Bank plc  
West End Branch  
10 Berkeley Square  
London  
W1X 6DN

### Stockbrokers

Charles Stanley and Company Limited  
25 Luke Street  
London  
EC2A 4AR

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC**

We have audited the financial statements of Northamber Plc for the year ended 30 June 2002 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the accounting policies and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
London.

25th September 2002

## ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with all applicable accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, the investment property is not depreciated.

The Group accounts comprise the consolidated results of the Company and its subsidiaries made up to 30th June 2002.

Fixed assets are stated at cost, or valuation, less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated economic lives at the following annual rates:

Freehold premises	2% straight line on buildings
Short leasehold improvements	period of lease, or 25% straight line
Long leasehold premises	2% straight line
Plant and machinery	25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of the freehold properties held as investment property. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. These properties are not held for consumption but for investment and the Directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The Directors consider that this policy results in the accounts giving a true and fair view.

Stocks are valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

Transactions made during the year in foreign currencies are translated into sterling at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Exchange differences arising during the year are taken to the profit and loss account.

Costs in respect of operating leases are charged as they become payable.

The Company contributes towards the personal pension plans of eligible employees and Directors. These are defined contribution plans and are insured with Scottish Equitable. Payments to the plans are charged to the profit and loss account in the year in which they are payable.

Turnover represents the total amount invoiced for the provision of goods and services, excluding value added tax.

The group has adopted FRS 19. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30th June 2002

	Notes	2002 £'000	2001 £'000
<b>Turnover</b>	2	250,410	299,170
Cost of sales		(231,093)	(274,808)
<b>Gross profit</b>		<u>19,317</u>	<u>24,362</u>
Distribution costs		(11,150)	(11,250)
Administrative expenses		(8,610)	(7,821)
Other operating income		472	486
<b>Operating profit</b>	3	<u>29</u>	<u>5,777</u>
Exceptional profit on sale of fixed assets in continuing operations	4	321	-
<b>Profit on Ordinary Activities before interest</b>		<u>350</u>	<u>5,777</u>
Interest receivable		142	80
Interest payable	6	(36)	(349)
<b>Profit on ordinary activities before taxation</b>		<u>456</u>	<u>5,508</u>
Tax on profit on ordinary activities	7	(160)	(1,762)
<b>Profit on ordinary activities after taxation</b>		<u>296</u>	<u>3,746</u>
Equity dividends	8	(1,353)	(2,000)
<b>Retained profit for year</b>	19	<u>(1,057)</u>	<u>1,746</u>
<b>Earnings per ordinary share</b>	10	<u>0.91p</u>	<u>11.3p</u>
<b>Diluted earnings per share</b>	10	0.90p	11.2p

**All operations are continuing**

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and the historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30th June 2002

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Profit for the financial year	296	3,746
Currency translation differences on foreign currency net investments	-	12
	<hr/>	<hr/>
Total recognised gains relating to the year	296	3,758
Prior period adjustment (note 17)	(703)	-
	<hr/>	<hr/>
Total recognised gains and losses since last report	(407)	3,758
	<hr/> <hr/>	<hr/> <hr/>

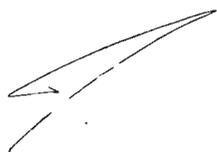
**CONSOLIDATED BALANCE SHEET**

At 30th June 2002

	Notes	2002 £'000	2001 Restated * £'000
<b>Fixed assets</b>			
Tangible assets	11	6,289	7,320
Investments	12	2,837	2,837
		9,126	10,157
<b>Current assets</b>			
Stocks	13	14,590	14,944
Debtors - amounts falling due within one year	14	27,023	33,025
Cash at bank and in hand		8,587	1,403
		50,200	49,372
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	15	(25,743)	(23,922)
		24,457	25,450
<b>Net current assets</b>			
		33,583	35,607
<b>Total assets less current liabilities</b>			
Creditors - amounts falling due after more than one year	16	-	(831)
Provisions for liabilities and charges	17	(882)	(804)
		32,701	33,972
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	18	1,623	1,638
Share premium account	19	5,711	5,711
Capital redemption reserve	19	148	133
Profit and loss account	19	25,219	26,490
		32,701	33,972
<b>Equity shareholders' funds</b>			
	20	32,701	33,972

\* The consolidated balance sheet as of 30 June 2001 has been restated for the adoption of FRS 19 (see note 17)

The financial statements on pages 22 to 36 were approved by the Board of Directors on 25th September 2002 and were signed on its behalf by :



D. M. Phillips  
Chairman



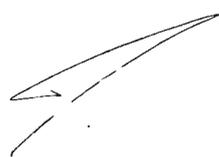
H.W. Matthews  
Managing Director

## COMPANY BALANCE SHEET

At 30th June 2002

	Notes	2002 £'000	2001 Restated * £'000
<b>Fixed assets</b>			
Tangible assets	11	6,289	7,320
Investments	12	2,837	2,837
		<hr/>	<hr/>
		9,126	10,157
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	13	14,590	14,861
Debtors - amounts falling due within one year	14	26,959	32,898
Cash at bank and in hand		8,529	1,282
		<hr/>	<hr/>
		50,078	49,041
		<hr/>	<hr/>
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	15	(25,950)	(23,848)
		<hr/>	<hr/>
<b>Net current assets</b>		24,128	25,193
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>			
		33,254	35,350
		<hr/>	<hr/>
Creditors - amounts falling due after more than one year	16	-	(831)
Provisions for liabilities and charges	17	(882)	(804)
		<hr/>	<hr/>
<b>Net Assets</b>		32,372	33,715
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	18	1,623	1,638
Share premium account	19	5,711	5,711
Capital redemption reserve	19	148	133
Profit and loss account	19	24,890	26,233
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		32,372	33,715
		<hr/> <hr/>	<hr/> <hr/>

\* The company balance sheet as of 30 June 2001 has been restated for the adoption of FRS 19 (see note 17).

  
D.M. Phillips  
Chairman

  
H.W. Matthews  
Managing Director

25th September 2002

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30th June 2002

	Notes	2002 £'000	2001 £'000
<b>Cash inflow from continuing operating activities</b>	21	10,525	12,847
<b>Returns on investments and servicing of finance</b>			
Interest received		142	80
Interest paid		(36)	(428)
Income from fixed asset investments		255	196
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		361	(152)
<b>Taxation</b>			
UK corporation tax paid		(913)	(2,639)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,090)	(5,435)
Purchase of Other Investments		-	(4)
Sale of tangible fixed assets		1,361	292
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		271	(5,147)
Equity dividends paid		(2,015)	(2,049)
<b>Cash Inflow before financing</b>		8,229	2,860
<b>Financing</b>			
Purchase of shares		(214)	(1,440)
Debt due beyond a year : Repayment of secured loan		(831)	(113)
<b>Net cash outflow from financing</b>		(1,045)	(1,553)
<b>Increase in cash in the period</b>	21	7,184	1,307

## NOTES TO THE ACCOUNTS

### 1. Company profit and loss account

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements.

### 2. Turnover and profit on ordinary activities before taxation

	Turnover		Profit on ordinary activities before taxation	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Dealing in computers, computer printers and peripheral equipment	250,140	299,170	456	5,508

The Group operates in one market sector and within UK and Europe. Therefore, turnover, profit on ordinary activities before tax and net assets do not need to be separately analysed.

### 3. Operating profit

Operating profit is stated after (crediting)/ charging:

	2002 £'000	2001 £'000
Other operating income	(472)	(486)
Income from fixed asset investment	(255)	(196)
Profit on exchange	-	(44)
Staff costs (see note 5)	10,644	11,544
Rentals under other operating leases - land and buildings	901	799
Depreciation of tangible fixed assets	1,054	749
Loss/(Profit) on sale of Fixed Assets	27	(76)
Auditors' remuneration (Group and Company) - audit services	60	55
other services	7	3

### 4. Exceptional Profit on sale of fixed assets

Profit on sale of properties	252	-
Exceptional profit on sale of motor vehicle	69	-
	<hr/>	<hr/>
	321	-
	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

### 5. Directors and employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2002 Number	2001 Number
Sales	126	151
Administration	95	95
Warehouse	82	89
Engineering	47	80
	<hr/> 350 <hr/>	<hr/> 415 <hr/>
Staff costs:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,426	10,222
Social security costs	1,061	1,155
Other pension costs	157	167
	<hr/> 10,644 <hr/>	<hr/> 11,544 <hr/>

At the year end there were no accruals or prepayments in respect of the defined contribution pension schemes.

Details of Directors' remuneration are set out in the Report to the shareholders by the Board on Directors' Remuneration on page 12.

### 6. Interest payable

On bank overdrafts	21	269
On bank loans	14	80
Other	1	-
	<hr/> 36 <hr/>	<hr/> 349 <hr/>

### 7. Taxation on ordinary activities

Current taxation		
UK corporation tax: charge for the year	79	1,634
Adjustments in respect of prior periods	3	28
	<hr/> 82 <hr/>	<hr/> 1,662 <hr/>
Total current taxation		
Deferred tax		
Origination and reversal of timing differences	114	100
Adjustment in respect of prior periods	(36)	-
	<hr/> 160 <hr/>	<hr/> 1,762 <hr/>
Tax on profits on ordinary activities		

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. The impact of adopting FRS 19 on the 2002 results is an increase to the tax charge of £23,192. The standard rate of corporation tax is 30% (2001 - 30%). The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

## NOTES TO THE ACCOUNTS

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	456	5,508
Tax on profit on ordinary activities at standard rate	136	1,652
Factors affecting charge for the period:		
Capital allowances for period in excess of depreciation	(114)	(36)
Unitisation of tax losses	(10)	(25)
Expenses not deductible for tax purposes	117	45
Marginal relief	(5)	(2)
Profit on sale of fixed assets	(66)	-
Capitalised revenue expenditure	(9)	-
Capital gains	30	-
Adjustments to tax charge in respect of prior periods	3	28
	<hr/>	<hr/>
Total actual amount of current tax	82	1,662
	<hr/>	<hr/>

### 8. Dividends

Ordinary interim dividend paid of 2.2p per share (2001: 2.2p per share)	715	721
Ordinary final dividend proposed of 2.0p per share (2001: 4.0p per share)	649	1,311
Over provision of previous year's final dividend	(11)	(32)
	<hr/>	<hr/>
	1,353	2,000
	<hr/>	<hr/>

### 9. Profit for the year

Dealt with in the accounts of the Company	301	3,545
	<hr/>	<hr/>

### 10. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit after taxation of £296,000 (2001: £3,746,500) and on 32,524,260 ordinary shares (2001: 33,198,096). The number of ordinary shares in issue during the years ended 30th June 2002 and 30th June 2001 were the weighted average in issue during each year.

#### Computation of Earnings per share for 2002

	<u>Per share</u>	<u>Earnings</u>	<u>Shares</u>
Net profit for year		£296,000	
Weighted average shares outstanding during year			32,524,260
Basic earnings per share	0.91p		
Dilutive effect of options			253,823
Diluted earnings per share	0.90p	£296,000	32,778,083

**NOTES TO THE ACCOUNTS**
**11. Tangible fixed assets**
**Group and Company**

	Freehold premises £'000	Short leasehold improvements £'000	Long leasehold premises £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>							
At 1st July 2001	3,798	2,526	17	2,838	158	869	10,206
Additions	306	78	-	373	108	225	1,090
Disposals	(1,057)	(93)	-	(61)	(79)	(408)	(1,698)
At 30th June 2002	<u>3,047</u>	<u>2,511</u>	<u>17</u>	<u>3,150</u>	<u>187</u>	<u>686</u>	<u>9,598</u>
<b>Depreciation</b>							
At 1st July 2001	130	528	10	1,614	117	487	2,886
Charge for the year	155	184	1	514	43	157	1,054
Eliminated on Disposals	(134)	(61)	-	(51)	(79)	(306)	(631)
At 30th June 2002	<u>151</u>	<u>651</u>	<u>11</u>	<u>2,077</u>	<u>81</u>	<u>338</u>	<u>3,309</u>
<b>Net book value</b>							
At 30th June 2002	<u>2,896</u>	<u>1,860</u>	<u>6</u>	<u>1,073</u>	<u>106</u>	<u>348</u>	<u>6,289</u>
<b>Net book value</b>							
At 30th June 2001	<u>3,668</u>	<u>1,998</u>	<u>7</u>	<u>1,224</u>	<u>41</u>	<u>382</u>	<u>7,320</u>

**12. Investments**

	Notes	Group		Company	
		2002 £'000	2001 £'000	2002 £'000	2001 £'000
Shares in Group companies	a)	-	-	-	-
Loan to Group company	b)	-	-	-	-
Freehold investment properties	c)	2,833	2,833	2,833	2,833
Other Investments	d)	4	4	4	4
		<u>2,837</u>	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>

**a) Shares in Group companies**

Northamber plc has two trading subsidiaries, Solution Technology Limited and Xitan Limited, which are incorporated in Great Britain, are wholly owned and distribute computer software and computer peripherals allied to their computer graphics software. All other subsidiaries are dormant.

## NOTES TO THE ACCOUNTS

Company	2002 £'000	2001 £'000
Shares in Group companies		
At cost	32	32
Provision	(32)	(32)
	<hr/>	<hr/>
Book Value brought and carried forward	-	-
	<hr/> <hr/>	<hr/> <hr/>
<b>b) Loan to Group company</b>		
Loan	815	815
Provision	(815)	(815)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

### Group and Company

<b>c) Freehold investment properties</b>		
Balance brought and carried forward	2,833	2,833
	<hr/> <hr/>	<hr/> <hr/>

In the opinion of the Directors there was no significant difference between the open market value and the book value of the investment properties as at 30th June 2002.

### d) Other Investments, other than loans

Balance brought forward	4	-
Purchase in year	-	4
	<hr/>	<hr/>
Balance carried forward	4	4
	<hr/> <hr/>	<hr/> <hr/>

## 13. Stocks

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Stocks comprise:				
Goods for resale	14,590	14,944	14,590	14,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 14. Debtors

### Amounts falling due within one year

Trade debtors	26,525	32,644	26,461	32,094
Amount owed by subsidiaries	-	-	-	423
Other debtors	8	7	8	7
Prepayments and accrued income	490	374	490	374
	<hr/>	<hr/>	<hr/>	<hr/>
	27,023	33,025	26,959	32,898
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
<b>15. Creditors</b>				
<b>Amounts falling due within one year</b>				
Trade creditors	22,259	18,792	22,248	18,597
Amount owed to subsidiaries	-	-	232	170
Corporation tax	(116)	715	(125)	672
Other taxation and social security payable	1,818	2,023	1,818	2,022
Other creditors	1	3	1	3
Accruals and deferred income	1,132	1,078	1,127	1,073
Dividend payable	649	1,311	649	1,311
	25,743	23,922	25,950	23,848
	25,743	23,922	25,950	23,848

**16. Creditors**
**Amounts falling due after more than one year**

Mortgage secured on the investment property and the income therefrom repayable by 2004.

Fixed rate at 7.82%	-	831	-	831
	-	831	-	831
	-	831	-	831

The above mortgage was repaid in full on 3rd October 2001. The above Sterling loan represented the sole financial instrument of the Group in 2001. There are no financial instruments in 2002 as short term debtors and creditors have been excluded as permitted by FRS13. Narrative disclosures relating to the Group's treasury activities and financial instruments, which are in sterling, have been included in the Financial Review on pages 8 and 9.

**17. Provisions for liabilities**
**Deferred tax movement**

	Group		Company	
	2002	2001	2002	2001
	£'000	Restated * £'000	£'000	Restated * £'000
Balance at 1 July 2001	804	704	804	704
Profit and Loss charge	78	100	78	100
	882	804	882	804
	882	804	882	804

Provision for deferred taxation consists of the following amounts:

Capital allowances in excess of depreciation	179	101	179	101
Other timing differences, Enterprise Zone allowances	703	703	703	703
	882	804	882	804
	882	804	882	804

\* As a result of the adoption of FRS 19 the provision for deferred taxation has been restated resulting in an increase in the provision of £703,000 at 1st July 2000 and 30th June 2001.

## NOTES TO THE ACCOUNTS

### 18. Called up share capital

	2002 Number of ordinary shares	2001 Number of ordinary shares	2002 £'000	2001 £'000
Authorised:				
Ordinary shares of 5p each	40,000,000	40,000,000	2,000	2,000
Allotted, called up and fully paid:				
Ordinary shares of 5p each	32,464,000	32,769,000	1,623	1,638

During the year no share options were exercised.

At 30th June 2002, options over 459,600 ordinary shares of 5p each remained outstanding. The aggregate value of subscription prices of these options is £163,738.

The options outstanding at 30th June 2002 include options for a Director of 419,600 ordinary shares disclosed in the Directors' Report. They are exercisable at prices between 10p and 73.75p per share between 4th December 1995 and 11th July 2005.

During the year the Company purchased 305,000 ordinary shares of 5p each at a total cost including expenses of £213,817.

### 19. Reserves

	Group		Company	
	Share Premium Account £'000	Profit and Loss Account £'000	Share Premium Account £'000	Profit and Loss Account £'000
At 1st July 2001	5,711	26,490	5,711	26,233
Profit for year	-	(1,057)	-	(1,129)
Purchase of own shares	-	(214)	-	(214)
At 30th June 2002	5,711	25,219	5,711	24,890

	Group Capital redemption reserve £'000	Company Capital redemption reserve £'000
	At 1st July 2001	133
Transfer from share capital account	15	15
At 30th June 2002	148	148

**NOTES TO THE ACCOUNTS**
**20.Reconciliation of movements in equity shareholders' funds**

	2002	2001
	£'000	Restated* £'000
Profit for the financial period	296	3,746
Dividends	(1,353)	(2,000)
	<hr/>	<hr/>
	(1,057)	1,746
Other recognised profit relating to the period (net)	-	12
Decrease in share capital	(15)	(61)
Increase in Capital Redemption Reserve Fund	15	61
	<hr/>	<hr/>
Net (decrease)/ increase in shareholders' funds	(1,057)	1,758
Opening equity shareholders' funds	33,972	33,654
Purchase of own shares	(214)	(1,440)
	<hr/>	<hr/>
Closing equity shareholders' funds	32,701	33,972
	<hr/> <hr/>	<hr/> <hr/>

\* The Reconciliation of the movements in equity shareholder's funds for the year to 30 June 2001 has been restated for the adoption of FRS 19 (see note 17).

**21. Cash flow**
**a) Reconciliation of operating profit to operating cash flows**

	Group	
	2002	2001
	£'000	£'000
<b>Continuing operations</b>		
Operating profit	29	5,777
Loss/(Profit) on sale of fixed assets	27	(76)
Income from fixed assets investments	(255)	(196)
Depreciation of tangible fixed assets	1,054	749
Decrease/(increase) in stocks	354	(3,682)
Decrease/(increase) in trade debtors	6,119	8,074
(Increase)/decrease in other debtors	(1)	18
(Increase)/decrease in prepayments and accrued income	(116)	177
Increase/(decrease) in trade creditors	3,467	2,395
(Decrease)/increase in other taxation and social security	(205)	(168)
Increase/(decrease) in accruals and deferred income	54	(221)
(Decrease)/increase in other creditors	(2)	-
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	10,525	12,847
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE ACCOUNTS

b) Reconciliation of net cash flow to movement in net funds	Group	
	2002 £'000	2001 £'000
Increase in cash in the period	7,184	1,307
Cash outflow from changes in debt	831	113
Change in net debt resulting from cash flows and the movement in net debt in the period	8,015	1,420
Net funds/(debt) brought forward	572	(848)
Net funds carried forward	8,587	572

### c) Analysis of net funds

	At 1st July 2001 £'000	Cash Flow £'000	At 30th June 2002 £'000
Cash at bank and in hand	1,403	7,184	8,587
Debt due after more than one year	(831)	831	-
Total	572	8,015	8,587

## 22. Capital commitments

There were capital commitments at 30th June 2002 of £35,000 (2001- £304,000)

## 23. Financial commitments

At 30th June 2002 the Group had annual commitments under non-cancellable operating leases as follows :

	2002 Land and Buildings £'000	2001 Land and Buildings £'000
Expiring within one year	-	9
Expiring between two and five years	-	-
Expiring in over five years	997	935
	997	944

## 24. Guarantees

On 1st November 1994 Northamber plc and its subsidiary companies entered into an unlimited cross guarantee and debenture arrangement with the Group's bankers, Allied Irish Bank, plc.

The above guarantee is secured by a legal mortgage on the Company's leasehold and freehold properties, a fixed charge on all book debts and a floating charge over all other assets. As at 30th June 2002 the aggregate of overdrafts relating to these companies was £Nil (2001- Nil)

In the ordinary course of business the Company has given a guarantee to H.M. Customs & Excise in respect of deferred value added tax and duty.

## 25. Related party transactions

Mr D.M. Phillips is the ultimate controlling party of the Company. No material related transactions occurred during the year.

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Northamber plc will be held at 1, Lion Park Avenue, Chessington, Surrey KT9 1ST on 15th November 2002 at 3.00p.m. for the following purposes:-

1. To receive and adopt the Company's accounts for the year ended 30th June 2002 and the Directors' and auditors' reports thereon.
2. To declare a dividend on the ordinary shares of the Company.
3. Re-elect Mr D M Phillips as a Director.
4. Re-elect Mr H W Matthews as a Director.
5. To elect Mr M J Ayrton as a Director
6. To reappoint Deloitte & Touche as auditors and to authorise the Directors to fix their remuneration.

### ORDINARY RESOLUTION

7 (1) THAT, in accordance with Section 80 of the Companies Act 1985 ("the Act"), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £211,016 provided that this authority (unless previously revoked or renewed) shall expire on 15th November 2003 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTIONS

7 (2) THAT, conditionally upon the passing of the resolution numbered 7(1) above, in accordance with section 95 (1) of the Companies Act 1985 ("the Act"), the Directors be and are hereby given power for the period commencing on and with effect from the date of adoption of this resolution and expiring on the earlier of 15th February 2004 and the date of the next Annual General Meeting of the Company to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by the resolution numbered 7(1) above as if Section 89 (1) of the Act did not apply to such allotment provided that the power hereby conferred shall be limited to:-

(a) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange; and

(b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) hereof) up to a maximum nominal value of £22,980;

and the power conferred by this resolution 7(2) shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would require such equity securities to be allotted after such expiry.

7 (3) THAT the Company be and is hereby unconditionally and generally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 5p in the capital of the Company, provided that:

(a) the maximum number of shares hereby authorised to be acquired is 3,246,400 representing 10 per cent of the present issued share capital;

(b) the minimum price which may be paid for such shares is 5p per share (exclusive of all expenses);

## NOTICE OF MEETING

(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;

(d) the authority hereby conferred shall (subject to sub-clause (e) below) expire on the date of the next Annual General Meeting of the Company after the passing of this resolution; and

(e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will, or may be, executed wholly or partly after the expiry of such Authority, and may make a purchase of its own shares in pursuance of any such contracts.

### By Order of the Board



S. Yoganathan ACMA ,  
Secretary  
25th September 2002

Registered office: 1-3 Union Street,  
Kingston upon Thames,  
Surrey,  
KT1 1RP

#### 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.



**Northamber plc**

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