Northamber Plc
Report & Accounts

YEAR ENDED 30 JUNE 2012

NORTHAMBER

contents

SUMMARY OF LAST FIVE YEARS' TRADING

	--------------------Years ending 30 June----------------				
	2012	**2011**	**2010**	**2009**	**2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	100,615	121,083	128,481	139,275	179,677
Profit/(loss) before tax	37	(106)	258	47	627
(Loss)/earnings per share	(0.01)p	(0.34)p	0.58p	0.18p	1.36p
Net Assets per share	85.7p	86.5p	88.5p	89.4p	90.1p
Dividends per share (net)	1.3p	2.0p	1.6p	1.6p	2.2p

CHAIRMAN'S STATEMENT

Results

We are happy to report a return to profit for the full year of £37,000 pre tax, reversing the £418,000 pre tax loss reported at the 31 December interim stage. This was achieved despite an anticipated fall in revenue to £101 million from the £121 million for the prior year, demonstrating the ongoing change of emphasis I have been advising in previous reports. The rate of revenue decline for the second half of this year was lower than the comparative period of last year.

The sought upturn in pre tax operating profit evolved into the third quarter of our year, as reported in our Interim Management Statement published 26 April this year. That progress continued into the final quarter of our year, although unhelpfully depressed by the effects of the Jubilee holiday and the general UK economic capital expenditure malaise.

The reduced level of turnover needs to be seen within the context of our need to re-profile our offerings away from empty revenue and towards more value added content. It also reflects our sector in particular and the UK economy in general. From published information and from intelligence within the sector, it is apparent that the downturn Northamber experienced may not have been as severe as that which seemed to have affected others.

The change in the profit profile also came from a combination of improved gross margins and ongoing containment of overheads. Gross margins improved from 6.8% for the year to end June 2011 to 7.7% for the year ended June 2012 and demonstrate our stated ongoing policy of seeking the higher margin business rather than just volume and turnover.

Overheads were also reduced from £8.5 million to £7.9 million, a saving of £0.6m. These were achieved principally by a reduction in the wages bill, a necessary if unpalatable consequence of the general economic climate and its effect on demand. There was also a marginal saving in rental charges for a few of the final months of the year after the 21st April purchase of the freehold of our warehouse. As these savings only benefited a part of the year, we anticipate more extensive benefits will be achieved in a full year.

Balance Sheet

We remain debt free, with Net Assets of £24.1 million or 85.7p per share compared with 86.5p per share for the previous year. Our cash reserves at 30th June 2012 were £4.3 million, which following our £6.8 million warehouse freehold purchase including costs, compares with the £10.7 million a year ago.

The significant Balance Sheet change and consequential rent savings during the last two months of the year were the result of the £6.8million purchase of the freehold of our warehouse which we had leased for the last 12 years at an annual cost of £601,000 and which contains a significant investment in logistic and support infrastructure. However, the lease was due to expire in December 2014 and with cash available when the opportunity presented itself and which we had been trying to facilitate for some time, we were able to take advantage of that opportunity. The background and details of that purchase were set out in the circular issued to shareholders on 21 June of this year. That purchase also resulted in an effective 9.0% return on our cost.

The strength of our Balance Sheet has always been one of our basic tenets and with the purchase of the warehouse, this tangible asset is added to the freehold of our eleven year old, 18,000 sq ft Davis Road Chessington offices.

Net cash inflow from operations of £876,000 (2011: cash outflow of £2.6 million) arose partly from improvements in our stock holding profile. This was assisted by being more selective in the range of products stocked. The stock turnover ratio improved from 9.9 times per annum to 13.8 times per annum and resulted in £4.7 million of cash released in the year.

During the year we continued to buy back our shares on the market and spent circa £250,000 and also paid dividends to shareholders amounting to £367,000. The total outflow from these discretionary payments (including the freehold purchase) amounted to £7.4 million.

Excluding these discretionary elements, we had a positive cash flow in the year of over £1 million which compared with an equivalent cash outflow for the previous year of £2.5 million

Dividend

Without revisiting the strength of our cash, free stock and debtor financial resources, your Board is proposing to pay a final dividend of 0.75 pence per share for the year.

As chairman and with a substantial shareholding, I am conscious of the impact that my contractual salary could have on the finances of the company. You will note in the Report to Shareholders on Director's Remuneration on pages 16 to 18 that I have followed the principle of prior years and again waived a large portion of my contractual £180,000 p.a. service contract salary. Against last year's salary taken of £90,000, for the year just ended it was further reduced to £15,000 and commensurate with our non-executive directors remuneration.

Taking into account the results for the year, the reduction in our total cash resources after the £6.8 million warehouse purchase referred to above, and the disappointing start to the year, the board is of the opinion that the dividend should be restricted to the 0.75p per share being proposed, compared to the 1.0p per share final proposed last year.

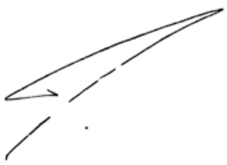
Staff

With the UK's economic malaise and reduced enthusiasm for capital expenditure, it was an unpleasant but necessary action to make a reduction in our workforce by 13 over the year. We are very appreciative of the dedication and hard work of our staff in achieving a positive outcome and furthered the restructure of our business model.

Outlook

Although we cannot fully counteract the general economic and sector downturn and feeling of depression, we had "bucked the trend" and operated at a profit before tax for the period ended 30th June.

However, we strongly felt the Olympics had an adverse effect on trade resulting in reduced economic activity with turnover being at a lower level. Combined with the extended "holiday effect" this unavoidably means that the first quarter of the current year is not looking as encouraging as we might otherwise have expected. Nevertheless we continue with our proven policy of attention to the basics, balance sheet strength, solvency and concentration on profitable activities.



D.M.Phillips
Chairman
27 September 2012

BUSINESS AND FINANCIAL REVIEW

The Business Model

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

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

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

Operating Review

An explanation of the business model of the group has been set out above. During the year under review that model did not change. As has been stated previously, the market for the type of products which we sell and distribute is and has been exceedingly difficult for a number of years. Although we sell to the corporate world, those products do in part filter through to the domestic market as well. Thus the total demand is affected both by the corporate market retrenching and reducing the level of replacement of IT equipment and by the domestic market being more cautious in its spending patterns. This trend of deferring replacement is exacerbated by the fact that although IT products are becoming ever faster, with greater capacity and more advanced, such advantages are often seen by the end user as not being so great that there is an urgency to replace what is working quite adequately. Another factor affecting the industry is the applications becoming ever more available on the "smart" electronic devices which are encroaching on the traditional computer market and reducing the demand for the smaller types of computer equipment.

As a result of the factors noted above, revenue for the year fell by £20.5 million (16.9%) compared with the previous year. The indications are that throughout our sector generally there has been a severe downturn and that our achievement is, by comparison, better than most.

Although the pressure on margins continues to be an ever present factor, our often stated policy of seeking the higher margin type products resulted in a further improvement in gross margins for the year, as was the case in the previous year. Gross margins increased to 7.76% compared with those of the previous year of 6.84% and 6.69% for the year ended 2010. An increase of over a full point or a 16% increase in margins in the two years in an industry which has notoriously low margins.

Administrative expenses and distribution costs in total decreased by some 7.3% mainly as a result of reductions in the staff costs of 10.8% in the year.

At the operating level the result was that there was a loss in the year of £97,000 compared with an operating loss in the previous year of £246,000.

BUSINESS AND FINANCIAL REVIEW (continued)

Financial Review

The reduction in revenue offset by the improvement in margins meant that the cash flow before working capital and the working capital movement was positive, so that the Net Cash Flow from operating activities was £0.9 million compared with the previous year's £2.6 million outflow.

As shareholders were advised in April 2012 of this year the freehold of the warehouse premises was purchased for cash at a cost of £6.4 million. The reasons for taking this course of action were fully explained in the circular sent to shareholders. This purchase together with the purchase of our own shares in the market at a cost of £0.3 million and dividends paid of £0.4 million resulted in a net cash outflow for the year of £6.4 million.

Part of the reason for purchasing the freehold for cash was the very low rate of return on our cash balances and the fact that the purchase represented a much better return. However as the transaction only took place towards the end of the financial year, the interest income from those cash balances during the year was £134,000. Going forward there will be a cash saving of £601,000 on operating lease charges.

The net cash balance at the year end was £4.3 million (2011: £10.7 million).

Some of the key financial indicators, including the debtor and creditor days are shown in the Key Performance Indicators table on page 14.

Financial Risk Management

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 eash of these risks as summarised below.

Exchange rate risk

The group purchases some of its products in foreign currency. Where required for supplier payments, 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. This risk has been reduced, as discussed above, following the purchase of the freehold property.

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.

BUSINESS AND FINANCIAL REVIEW (continued)

Credit risk

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

Other Principal Risks and Uncertainties

Other than the risks stated above and the marketing risk, which is addressed below, in the opinion of the directors, the principal operating risks are as stated in the section on Internal Control on page 24. The risks and uncertainties associated with the business model are set out below.

The model depends in part on working closely with the major 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. By this route the attrition of vendors is kept very low and the experience and reputation of the company enables the number of vendors to be increased from time to time, thus reducing the risk of a major impact on the company should a major vendor decide to withdraw fully or partially from the market or to restrict its distribution partners. 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 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.

The purchase of the freehold of the warehouse during the year has eliminated the requirement to negotiate an extension or renewal of the lease of those premises which would have come to an end on 28 September 2014 or to find alternative accommodation.

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

BUSINESS AND FINANCIAL REVIEW (continued)

Marketing Risk

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

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

The competitive pressure in the sector is a continuing risk for the company, which could result in it losing sales to its key competitors, but the company manages this risk by providing additional services to its customers in relation to next day deliveries, credit limits, handling queries efficiently and by maintaining a strong relationship with the customer.

John Henry

J.P. Henry
Operations Director
27 September 2012

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 30 June 2012.

The financial statements include the individual entity Northamber Plc and its wholly owned subsidiary Anitass Limited. Anitass Limited, a dormant company on acquisition, was acquired on 2 April 2012. Anitass Limited purchased the freehold of the premises at Weybridge on 23 April 2012. The other subsidiaries of Northamber Plc are dormant and not material to the financial statements for the year to 30 June 2012.

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 Chairman, in his statement on pages 5 and 6, and the Business and Financial Review on pages 7 to 10 sets out a review of the business. These statements are incorporated into this report by reference to them.

The consolidated statement of comprehensive income for the financial year is set out on page 29.

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.

The creditor days reduced to 31 days (2011: 40) and the debtor days were 40 days compared with the previous year's 38 days.

Stock turn for the year was 13.8 times (2011: 9.9), this increase was due in part to the continued close monitoring of the supply chain and the improved level of response to the market.

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 Business and Financial review.

Corporate Governance

The Corporate Governance Report on pages 19 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 2012

	2012 £'000	2011 £'000
Ordinary dividends		
Previous year's final dividend paid	283	405
Interim paid	84	173
	367	578

The final proposed dividend of 0.75p (2011: 1.0p) will be paid on 18 January 2013 to all members on the register at the close of business on 7 December 2012.

REPORT OF THE DIRECTORS (continued)

Directors

The current directors of the company are listed on page 26. On 21 February 2012 Mr J.P Henry was appointed as a director of the company. On 21 February 2012 Mr H.W Matthews retired.

Share Capital

The company repurchased 461,265 ordinary shares of 1p each for a consideration (before expenses) of £247,201 which are held in Treasury. The total number of shares repurchased during the year represented 1.6% of the shares in issue at 1 July 2011. Shares are repurchased on the open market when it is considered to be in the best interest of those shareholders who wish to sell and in the best interest of the remaining shareholders for the company to use its resources in this way.

At 30 June 2012 the company had 28,158,735 Ordinary shares of 1p each issued. The shares have no special rights and there is no restriction on their voting rights.

Substantial Shareholdings

The following shareholders held disclosable interests, as defined by SI 2008/410 Sch 7 Para 13, at 19 September 2012 as detailed below:

	Ordinary Shares of 1p each
D.M. Phillips	61.47%
BNY(OCS) Nominees Limited	11.24%
H.W.Matthews	3.51%
Quiros Limited	3.32%

Purchase of Own Shares

At the end of the year, the directors had authority, under the shareholders' resolutions of 16 November 2011 to purchase through the market 2,862,000 of the company's ordinary shares at prices ranging between 1p and 105% of the average middle market quotations for those shares as derived from the Daily Official List of the London Stock Exchange on the ten dealing days immediately preceding the day on which the shares are contracted to be purchased. This authority expires on 20 December 2012, the date of the next Annual General Meeting.

Auditors

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

During the year ended 30 June 2012 the Board and Audit Committee approved an extension to the engagement term of the Senior Statutory Auditor responsible for the audit opinion in relation to Northamber Plc. The term was extended from 5 to 6 years to ensure continued audit quality given the appointment of a new Audit Committee Chairman and changes in key management. The Audit Committee is satisfied that this extension does not in any way prejudice the objectivity and independence of the auditor.

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 at 30 June 2012 were 31, (2011: 40). It is the company's policy to take full advantage of settlement discounts offered by suppliers.

REPORT OF THE DIRECTORS (continued)

Social and Community Policy

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

Environmental Policy

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

Amendment of Articles of Association

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

Appointment and replacement of directors

Unless otherwise determined by the company in general meeting, the directors shall not be less than two nor more than ten.

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

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

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

Power of the directors

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

REPORT OF THE DIRECTORS (continued)

Contractual Relationships

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

Similarly there are written contracts with all of the company's customers so that they are fully aware of our terms of trade and to safeguard as far as possible against any losses arising from trading with them. During the year to 30 June 2012 there were no significant changes in either the terms of trade encompassed within these contracts nor any significant change in the range and size of our customers. There are no contractual arrangements which are considered essential to the business of the group.

Employees

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

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

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

KEY PERFORMANCE INDICATORS (KPIs)

The group has an extensive management reporting system and uses a wide variety of information in its everyday management of the business, including both those of a financial and non financial nature. This information is tailored to the various aspects of the business with individual managers being responsible for variances in movements within their particular sphere of operations to the executive management of the company. The majority of this information is highly sensitive and it is considered by the directors that it would be commercially disadvantageous to the company to identify the information used in a public document such as this Annual Report. Non financial information used by the business is not considered to constitute a KPI as is not information by which the development, performance or position of the company's business can be measured effectively.

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

Ratio	Format	2011-12	2010-11
Revenue	£m	100.6	121.1
Gross Profit	%	7.76	6.84
Stock Turn	Times	13.8	9.9
Debtor days	Days	40	38
Creditor days	Days	31	40
Net Assets per share	Pence	85.7	86.5

The Revenue and Gross Profit are discussed in the Operating Review.
Stock Turn and Creditor days are discussed in the Review of Business in the Directors Report.

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

REPORT OF THE DIRECTORS (continued)

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

Donations

During the year the group made charitable donations of £750 (2011: £550). No political donations were made in the year (2011: £Nil).

S. Yoganathan ACMA
Company Secretary
27 September 2012

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Introduction

This report has been prepared in accordance with section 420 of the Companies Act 2006, SI2008/410 and the UK Corporate Governance Code 2010 relating to directors' remuneration (the "Regulations"). This report has been approved by the board and, as required by the regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved.

The Regulations require the auditors to report to the company's shareholders on certain parts of the Directors' Remuneration Report and to state whether in their opinion these parts of the report have been properly prepared in accordance with the Companies Act 2006. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

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

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

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

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

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

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

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

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

Salaries and benefits

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages for executive directors and employees. 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. In view of the economic and social climate it was considered that there should be no bonus provision for the year to 30 June 2012 for the executive directors.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Share options

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

Contracts of service

The two executive directors, D.M. Phillips and J.P. Henry, have service contracts. Mr Phillip's contract was renewed and carried forward with effect from 1 June 2012. Mr Henry's contract as a director, commenced on 21 February 2012. 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.

D.M. Phillips - Notice period – six months.

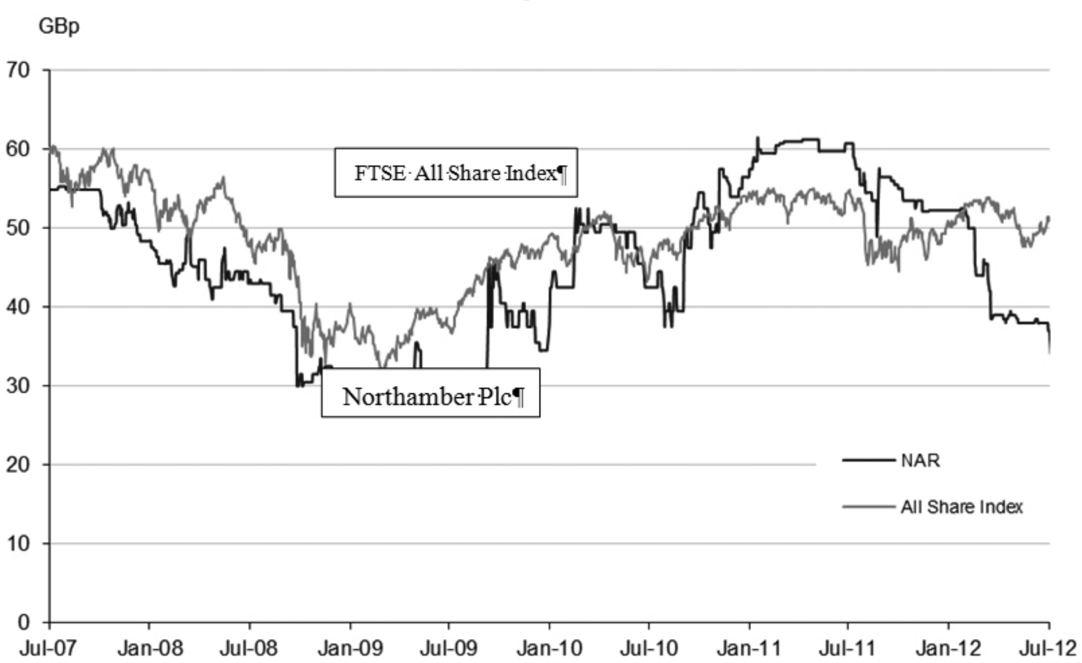
J.P. Henry – Notice period – six months.

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 and are available for inspection on request. Non executive directors who have been in service for more than nine years are subject to annual election.

Performance graph

The following graph shows the company's performance compared with the FTSE all share index measured by total shareholder return ("TSR"). The all share index has been selected for this comparison as it is the index within which Northamber and other comparable UK quoted companies are classified.

TSR is calculated as the growth or fall in value of a shareholding from the date of initial investments over time, with the assumption that dividends are reinvested to purchase additional shares in the company. The source of the data is Datastream and the figures were provided by Fox-Davies Capital Limited, the company's brokers.



REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Audited information

Directors' detailed emoluments

Details of directors' emoluments are as follows:

	Salaries and Fees		Benefits		Pension		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	`£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive								
D.M. Phillips	15	90	12	17	-	-	27	107
H.W. Matthews (to February 12)	60	90	12	14	-	-	72	104
J. P. Henry (from February 12)	30	-	2	-	3	-	35	-
Non-Executive								
R.F. Heath	15	13	-	-	-	-	15	13
A.G.K. Hamilton	15	7	-	-	-	-	15	7
	135	200	26	31	3	-	164	231

For the year ended 30 June 2012, Mr D.M. Phillips has waived £165,000 of his salary, (2011: £90,000).

Directors' interests (not subject to audit)

Interests in shares

Directors in office at 30 June 2012 had the following beneficial interests in the shares of the company:

Ordinary Shares of 1p each

	30 June 2012	30 June 2011
D.M. Phillips	17,308,295	17,308,295
H.W. Matthews (at Feb 2012)	1,004,724	1,004,724
R.F. Heath	5,000	5,000
A.G.K. Hamilton	-	-
J.P. Henry *	-	-

* at appointment

Between 30 June 2012 and 19 September 2012 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 19 September 2012 was 36p. The range of market prices during the year was 38p to 60.75p.

S.Yoganathan ACMA
By order of the Board
27 September 2012

CORPORATE GOVERNANCE

The Corporate Governance Report forms part of the Directors' Report included here on pages 11 to 15.

The group is committed to applying the principles of corporate governance. The board is accountable to the company's shareholders for good corporate governance. This report and the Remuneration Report describes how it complies with the provisions of the UK Corporate Governance Code 2010. The UK Corporate Governance Code 2010 is available from the website of the Financial Reporting Council at http://www.frc.org.uk/corporate/ukcgcode.cfm

The Listing Rules require the company to disclose how it has applied the main Principles and to explain the extent to which the Code provisions have been complied with during the accounting period.

CORPORATE GOVERNANCE POLICY

The group's policy on Corporate Governance is published on the group's web site which is www.northamber .com.

Compliance Statement

The UK Listing Authority's Rules require that the board reports on the group's compliance with the Code provisions throughout the accounting year. The directors believe that the group has complied with the Code throughout the year except as detailed below.

The board has not established a Nominations Committee. At the year end the board of the company comprised four directors, two of whom were 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. Appointments are made on merit, taking due regard to the benefit of diversity on the board, including gender. The board intends that when a new director is appointed a full and formal induction process will be implemented. During the year one new director was appointed – Mr J.P. Henry on 21 February 2012. Mr Henry was formerly the general manager of the company with a total of 20 years service with the company. He therefore has a sound understanding of the operations of the company.

The roles of chairman and CEO are both performed by David Phillips which is not compliant with the Code. This is considered appropriate given the size of the company.

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role. The chairman sets the board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman ensures effective communication with 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 has failed to resolve or for which such contact is inappropriate.

Main board responsibilities

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

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

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

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

CORPORATE GOVERNANCE (continued)

Directors attendance

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

	Board Meetings	Audit Committee	Remuneration Committee
No of meetings:			
David Michael Phillips	5	4	1
Henry William Matthews (to Feb 2012)	2	N/A	N/A
John Phelim Henry	2	N/A	N/A
Reginald Frank Heath	4	4	1
Alexander Gordon Kelso Hamilton	5	4	1

Board Committees

During the year the Audit Committee comprised two non executive directors.

Non executive directors – during the year to 30 June 2012, the non executive directors comprised Mr R.F. Heath and Mr A.G.K. Hamilton.

- **Audit Committee**

  The Audit Committee, currently chaired by Mr A.G.K. Hamilton, comprised the two non-executive directors, both of whom are considered by the board to be independent and to have sufficient recent and relevant financial experience to discharge the committee's duties. The company secretary, who is also the chief financial officer of the company, acts as secretary to the committee.

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

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

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

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

The audit committee is required to report to the board its findings identifying any matters which it considers requires that action or improvement is required and to make 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.

CORPORATE GOVERNANCE (continued)

- **Overview of the actions taken by the audit committee to discharge its duties**

  During the year the audit committee:-

  - reviewed the June 2012 annual report and financial statements and the December half yearly and financial report. As part of the review the committee received a report from the external auditors on their audit of the annual report and financial statements
  - reviewed the effectiveness of the company's internal controls
  - reviewed and agreed the scope of the audit work to be undertaken by the external auditors
  - agreed the fees to be paid to the external auditors for their audit of the 2012 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.

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

- **Remuneration Committee**

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

- **Operations Committee**

  The Operations Committee comprises the executive directors and certain senior business managers. It meets weekly under the chairmanship of Mr J. P. Henry, (the operations director) and deals with the major decisions 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 are 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 Business and Financial Review and the Director's Report on pages 7 to 15. 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 Business Review 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 successfully despite the current economic outlook.

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

Relations with Shareholders

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

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

Accountability and Audit

Financial Reporting

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

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 group financial statements are prepared by management and are subject to review by the directors to ensure that they are in agreement with the accounting records. The financial reporting process is non-complex due to the size of the group.

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 2012. 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. As part of this process the evaluation of the board's performance has been carried out. There has also been an appraisal of the chairman's performance carried out by the non executive directors, which will be repeated each year.

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

By order of the Board

S.Yoganathan ACMA
Company Secretary
27 September 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

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

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

To the best of my knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the Business and Financial Review includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

D. M. Phillips
Chairman
27 September 2012

DIRECTORS AND ADVISERS

Non-executive Directors

Alexander Gordon Kelso Hamilton *† (Age 67) FCA
Senior independent non executive director.

Non executive director of Beazley plc, Barloworld Ltd, Fairbairn Private Bank Ltd and Petra Diamond Ltd.

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

Reginald Frank Heath *† (Age 71) FCIS, FIMI
Non executive director.
Reginald Heath has over 30 years experience in the motor trade, formerly being Director of Motor Operations at Inchcape plc.

* Member of Remuneration Committee

† Member of Audit Committee

Executive Directors

David Michael Phillips (Age 67)
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 50)
Operations director
John Henry joined Northamber plc in 1992 in the Sales Department. He was promoted to Operations Director in 2012.

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Surrey
KT9 1HS
EC4M 9BE

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Bristol
BS99 7NH

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

Bankers
Bank of Ireland
Bow Bells House
1 Bread Street
London

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

Stockbrokers
Fox-Davies Capital Limited
1 Tudor Street
London
EC4Y 0AH

Independent auditor's report to the members of Northamber Plc

We have audited the financial statements of Northamber Plc for the year ended 30 June 2012 which comprise the consolidated and company statements of financial position, the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements as supplied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 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 provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

Independent auditor's report to the members of Northamber Plc

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 23, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Grant Thornton UK LLP.

Norman Armstrong
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
27 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	2012 Total £'000	2011 Total £'000
Revenue	3	100,615	121,083
Cost of sales		(92,807)	(112,795)
Gross profit		7,808	8,288
Distribution costs		(4,267)	(4,720)
Administrative expenses		(3,638)	(3,814)
(Loss) from operations	4	(97)	(246)
Investment revenue	6	134	140
Profit/(Loss) before tax		37	(106)
Tax (charge)/credit		(39)	7
(Loss) for the year and total comprehensive (loss)		(2)	(99)
Basic and diluted (loss) per ordinary share	9	(0.01)p	(0.34)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2012

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2010	289	5,734	1,497	18,094	25,614
Dividends	-	-	-	(578)	(578)
Purchase of own shares	(3)	-	3	(192)	(192)
Transactions with owners	(3)	-	3	(770)	(770)
Loss and total comprehensive loss for the year	-	-	-	(99)	(99)
Balance at 30 June 2011	286	5,734	1,500	17,225	24,745
Dividends	-	-	-	(367)	(367)
Purchase of own shares	(5)	-	5	(250)	(250)
Transactions with owners	(5)	-	5	(617)	(617)
Loss and total comprehensive loss for the year	-	-	-	(2)	(2)
Balance at 30 June 2012	281	5,734	1,505	16,606	24,126

COMPANY STATEMENT OF CHANGES IN EQUITY

At 30 June 2012

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2010	289	5,734	1,497	18,094	25,614
Dividends	-	-	-	(578)	(578)
Purchase of own shares	(3)	-	3	(192)	(192)
Transactions with owners	(3)	-	3	(770)	(770)
Loss and total comprehensive loss for the year	-	-	-	(99)	(99)
Balance at 30 June 2011	286	5,734	1,500	17,225	24,745
Dividends	-	-	-	(367)	(367)
Purchase of own shares	(5)	-	5	(250)	(250)
Transactions with owners	(5)	-	5	(617)	(617)
Loss and total comprehensive income for the year	-	-	-	(66)	(66)
Balance at 30 June 2012	281	5,734	1,505	16,542	24,062

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	2012 £'000	2011 £'000
Non current assets			
Property, plant and equipment	10	9,050	2,527
Current assets			
Inventories	12	6,733	11,415
Trade and other receivables	13	14,659	16,670
Cash and cash equivalents	14	4,304	10,701
Tax assets	16	-	80
		25,696	38,866
Total assets		**34,746**	**41,393**
Current liabilities			
Trade and other payables	15	(10,575)	(16,603)
		(10,575)	(16,603)
Non current liabilities			
Deferred tax liabilities	17	(45)	(45)
Total liabilities		**(10,620)**	**(16,648)**
Net assets		**24,126**	**24,745**
Equity			
Share capital	18	281	286
Share premium account		5,734	5,734
Capital redemption reserve		1,505	1,500
Retained earnings		16,606	17,225
Equity shareholders' funds		**24,126**	**24,745**

COMPANY STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	2012 £'000	2011 £'000
Non current assets			
Property, plant and equipment	10	2,402	2,527
Investments	11	6,588	-
		8,990	2,527
Current assets			
Inventories	12	6,733	11,415
Trade and other receivables	13	14,659	16,670
Cash and cash equivalents	14	4,285	10,701
Tax assets	16	14	80
		25,691	38,866
Total assets		**34,681**	**41,393**
Current liabilities			
Trade and other payables	15	(10,574)	(16,603)
		(10,574)	(16,603)
Non current liabilities			
Deferred tax liabilities	17	(45)	(45)
Total liabilities		**(10,619)**	**(16,648)**
Net assets		**24,062**	**24,745**
Equity			
Share capital	18	281	286
Share premium account		5,734	5,734
Capital redemption reserve		1,505	1,500
Retained earnings		16,542	17,225
Equity shareholders' funds		**24,062**	**24,745**

The financial statements on pages 29 to 52 were approved by the board of directors on 27 September 2012 and were signed on its behalf by:

D.M. Phillips
Chairman

John Henry

J.P. Henry
Operations Director

Company Registration number: 01499584

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	2012 £'000	2011 £'000
Cash from operating activities		
Operating (loss) from continuing operations	(97)	(246)
Depreciation of property, plant and equipment	277	247
(Profit) on disposal of property, plant and equipment	(10)	-
Operating profit before changes in working capital	170	1
Decrease/(increase) in inventories	4,682	(1,093)
Decrease/(increase) in trade and other receivables	2,011	(991)
(Decrease) in trade and other payables	(6,030)	(437)
Cash generated/(used) from/(in) operations	833	(2,520)
Income taxes repaid/(paid)	43	(83)
Net cash from/(used in) operating activities	876	(2,603)
Cash flows from investing activities		
Interest received	134	140
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(6,800)	(79)
Net cash (used)/generated from investing activities	(6,656)	61
Cash flows from financing activities		
Purchase of own shares for cancellation	(250)	(192)
Dividends paid to equity shareholders	(367)	(578)
Net cash used in financing activities	(617)	(770)
Net (decrease) in cash and cash equivalents	(6,397)	(3,312)
Cash and cash equivalents at beginning of year	10,701	14,013
Cash and cash equivalents at end of year	4,304	10,701

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	2012 £'000	2011 £'000
Cash from operating activities		
Operating (loss) from continuing operations	(177)	(246)
Depreciation of property, plant and equipment	246	247
(Profit) on disposal of property, plant and equipment	(10)	-
Operating profit before changes in working capital	59	1
Decrease/(increase) in inventories	4,682	(1,093)
Decrease/(increase) in trade and other receivables	2,011	(991)
(Decrease) in trade and other payables	(6,029)	(437)
Cash generated/(used) from operations	723	(2,520)
Income taxes repaid/(paid)	43	(83)
Net cash from/(used in) operating activities	766	(2,603)
Cash flows from investing activities		
Interest received	134	140
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(121)	(79)
Increase in investments	(6,588)	-
Net cash (used)/generated from investing activities	(6,565)	61
Cash flows from financing activities		
Purchase of own shares for cancellation	(250)	(192)
Dividends paid to equity shareholders	(367)	(578)
Net cash used in financing activities	(617)	(770)
Net (decrease) in cash and cash equivalents	(6,416)	(3,312)
Cash and cash equivalents at beginning of year	10,701	14,013
Cash and cash equivalents at end of year	4,285	10,701

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. General information

Northamber plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the shareholder information on the inside back cover. The nature of the company's operations and its principal activities are set out in the business review and the report of the directors on pages 7 to 15.

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 group has also complied with IFRS as issued by the IASB.

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 2012 or 30 June 2011.

The principal accounting policies adopted are set out below.

ADOPTION OF NEW AND REVISED STANDARDS

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

Key sources of estimation uncertainty and critical accounting judgements

Estimation uncertainty

Provisions

Within the Group there are a number of short term provisions. The carrying amount of the provisions is estimated based on the estimated net realisable value of inventories and recoverability of receivables.

Inventories

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

Receivables

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

Critical accounting judgements

Judgments are required to make an assessment as to whether there is an indication of impairment of property, plant and equipment (with the exception of small value items of vehicles, plant and equipment). Estimations of the carrying value of property, plant and equipment consider valuation in use calculations and current property prices in the area.

VAT Receivables

Included within trade and other receivables is £1,397,000 due from HMRC. The amount is being withheld as part of a HMRC investigation into Missing Trader Intra-Company (MTIC) transactions and is expected to be resolved shortly. The directors have completed their own review of internal control procedures and conclude they have complied with HMRC guidance in all material respects and accordingly expect the amount to be settled in due course.

Revenue recognition

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

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

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

Leasing

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

The Company as lessee

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

Taxation

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

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

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

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

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

Deferred tax which relates to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax balances have not been discounted.

Property, plant and equipment

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

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

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

Land and Buildings:	
Freehold premises	4% on freehold buildings, freehold improvements 25% straight line
Plant and equipment	25% straight line

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

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

Impairment of tangible assets

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

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

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

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

Inventories

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

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

Investments

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

Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

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

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

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

Financial liabilities

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

Share Capital – represents the nominal value of equity shares.

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

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

Retained Earnings – represents retained earnings.

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

Capital management

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

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

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

Going Concern basis

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

3. Segmental Reporting

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

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

	UK	Italy	Austria	Sweden	Other	Total
Year to 30 June 2011	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Total Segment revenue	102,506	264	2,433	7,839	8,041	121,083
Year to 30 June 2012						
Total Segment revenue	97,790	1,453	0	0	1,372	100,615

No one customer accounted for 10% or more of the group's revenue for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

4. Profit from operations

Operating profit is stated after (crediting)/charging:

	2012 £'000	2011 £'000
Foreign exchange (gains)	(1)	(145)
Depreciation of property plant and equipment	277	247
Amounts written off stock	213	155
(Profit) on disposal of property, plant and equipment	(10)	-
Operating lease charges – land and buildings	487	602
Staff Costs (see note 5)	4,646	5,200
Fees paid to the company's auditor		
for the audit of the company annual financial statements	41	41
for other services – regarding the purchase of property	32	-

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 £66,000 (2011: loss of £99,000) and is stated after taxation.

5. Staff costs

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

	2012 Number	2011 Number
Sales	42	47
Administration	51	55
Warehouse	35	38
Engineering	4	5
	132	145

	2012	2011
Their aggregate remuneration comprised:	£'000	£'000
Staff costs:		
Wages and salaries	4,078	4,538
Social security costs	436	487
Other pension costs	132	175
	4,646	5,200

Included in the above is key management personnel compensation of £178,000 (2011: £254,000) Full details of director's remuneration are set out in the report to the shareholders by the board on directors' remuneration on page 18. The company has identified the key management personnel as the executive and non-executive directors and all their remuneration received amounts to short-term employment benefits.

6. Investment revenue

	2012 £'000	2011 £'000
Bank interest receivable	133	140
Other interest receivable	1	-
	134	140

7. Tax on loss/profit on ordinary activities

	Group 2012 £'000	Group 2011 £'000
Current taxation		
UK corporation tax: charge for the year	39	-
Adjustment in respect of prior periods	-	(10)
Loss relief against prior year	-	(5)
Deferred tax:		
Charge for the year	-	8
Charge/(credit) for the year	39	(7)

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

	Group 2012 £'000	Group 2011 £'000
Profit/(loss) on ordinary activities before tax	37	(106)
Tax at the UK corporation tax rate of 20% average (2011:20%)	7	(22)
Expenses not deductible for tax purposes	32	25
Adjustment in respect of prior periods	-	(10)
Total actual amount of charge/(credit) for the year	39	(7)

8. Dividends

Amounts recognised as distribution to equity holders in the period:

	2012		2011	
Dividends paid in year	**Pence Per share**	**£'000**	**Pence per share**	**£'000**
Final – for year ended 30 June 2011	1.00	283	1.40	405
Interim – for year ended 30 June 2012	0.30	84	0.60	173
	1.30	367	2.00	578
Proposed final for the year ended 30 June 2012	0.75	211	1.00	289

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

9. Loss per ordinary share

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

	2012	2011
(Loss) for the year attributable	**£'000**	**£'000**
to equity holders of the parent company	(2)	(90)

Number of shares	2012	2011
Weighted average number of ordinary shares	**Number**	**Number**
for the purpose of basic earnings per share and diluted earnings per share	28,336,868	28,881,475

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.

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.

10. Property, plant and equipment

Group	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2010	4,254	1,349	5,603
Additions	8	71	79
Disposals	-	(49)	(49)
At 30 June 2011	4,262	1,371	5,633
Depreciation			
At 1 July 2010	1,714	1,194	2,908
Depreciation charge for the year	161	86	247
Disposals	-	(49)	(49)
At 30 June 2011	1,875	1,231	3,106
Net book value at 30 June 2011	**2,387**	**140**	**2,527**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)

Group	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2011	4,262	1,371	5,633
Additions	6,694	106	6,800
Disposals	-	(132)	(132)
At 30 June 2012	10,956	1,345	12,301
Depreciation			
At 1 July 2011	1,875	1,231	3,106
Depreciation charge for the year	195	82	277
Disposals	-	(132)	(132)
At 30 June 2012	2,070	1,181	3,251
Net book value at 30 June 2012	**8,886**	**164**	**9,050**

Company	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2010	4,254	1,349	5,603
Additions	8	71	79
Disposals	-	(49)	(49)
At 30 June 2011	4,262	1,371	5,633
Depreciation			
At 1 July 2010	1,714	1,194	2,908
Depreciation charge for the year	161	86	247
Disposals	-	(49)	(49)
At 30 June 2011	1,875	1,231	3,106
Net book value at 30 June 2011	**2,387**	**140**	**2,527**

Company	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2011	4,262	1,371	5,633
Additions	15	106	121
Disposals	-	(132)	(132)
At 30 June 2012	4,277	1,345	5,622
Depreciation			
At 1 July 2011	1,875	1,231	3,106
Depreciation charge for the year	164	82	246
Disposals	-	(132)	(132)
At 30 June 2012	2,039	1,181	3,220
Net book value at 30 June 2012	**2,238**	**164**	**2,402**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

11. Investment in group companies

	Total
Company	**£'000**
Cost	
At 1 July 2011	-
Addition in year	6,588
At 30 June 2012	6,588

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

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

12. Inventories

	Group and Company	
	2012	2011
	£'000	£'000
Goods for resale	6,733	11,415

Cost of sales include £92,571,000 (2011: £112,574,000) inventory expensed in the year's statement of comprehensive income. In the opinion of the directors the net realisable value of inventories held at 30 June 2012 against which provision has been made was £4,233,000 net of the provision. (2011: £6,245,000).

13. Trade and other receivables

	Group and Company	
	2012	2011
	£'000	£'000
Trade receivables	13,389	15,177
Less provision for impairment of receivables	(189)	(193)
Net trade receivables	13,200	14,984
VAT receivable	1,397	1,397
Other receivables	2	12
Prepayments	60	277
	14,659	16,670

An allowance has been made for estimated at risk amounts from the sale of goods of £189,000 (2011: £193,000). The allowance has been determined by assessing each individual debtor as well as making assessments based on past experience and knowledge of the customers and the prevailing economic conditions.

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

The average days credit is 40 days (2011: 38 days). The company uses a rigorous and detailed assessment of each prospective customer before supplying goods up to a pre determined credit level, and customers are regularly re-assessed to determine current levels of credit limits.

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

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

Trade receivables older than credit terms

Aging of past due but not impaired receivables is as follows

	Group and Company	
	2012	**2011**
	£'000	**£'000**
30 - 60 days past due	384	92
60 - 90 days past due	35	16
90+ days past due	55	1
Total	474	109

As of 30th June 2012 trade receivables of £189,000 (2011 : £193,000) were impaired: the aging of these trade receivables was

	Group and Company	
	2012	**2011**
	£'000	**£'000**
30 - 60 days	0	0
60 - 90 days	12	81
90+ days	177	112
Total	189	193

Trade and other receivables allowance for doubtful debts

	Group and Company	
	2012	**2011**
	£'000	**£'000**
Balance at beginning of period	193	322
Amounts written off as uncollectable	(88)	(79)
Potential impairment increase/(reduction)	84	(50)
Balance at end of period	189	193

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

14. Cash and cash equivalents

	Group		Company	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Bank balances and cash in hand	4,304	10,701	4,285	10,701
Cash and cash equivalents in statement of cash flows	4,304	10,701	4,285	10,701

15. Trade and other payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Trade payables	9,514	14,920	9,514	14,920
Other payables	120	120	117	120
VAT	450	1,004	452	1,004
Other tax and social security	118	140	118	140
Accruals and deferred income	373	419	373	419
	10,575	16,603	10,574	16,603

The financial liabilities shown above are those which were outstanding at 30 June 2012. The average credit period taken for trade payables is 31 days (2011: 40 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 Business and Financial Review, to ensure that for all practical purposes creditors are paid in accordance with the credit terms agreed with the suppliers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)

16. Tax liabilities

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Corporation tax (payable)/receivable	(3)	80	14	80

17. Deferred tax liabilities Group and Company

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

	Capital Allowances in excess of depreciation £'000
At 1 July 2010	37
Charge to income	8
At 1 July 2011	45
Charge to income	-
As 30 June 2012	45

No tax assets have been offset.

18. Share capital Group and Company

	Number	£'000
Authorised		
At 30 June 2012 and 2011	80,000,000	2,000
Issued and fully paid shares of 1p each		
At 30 June 2011	28,620,000	286
Ordinary shares of 1p each purchased by the company during the year to 30 June 2012	(461,265)	(5)
At 30 June 2012	28,158,735	281

At 30 June 2012 664,365 (2011: 203,100) shares were held by the entity in Treasury.

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

19. Capital commitments

There were no capital commitments at 30 June 2012 (2011: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

20. Operating lease arrangements

The company as lessee	**Group**		**Company**	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Minimum lease payments under operating leases recognised in profit or loss for the year	487	601	601	601

At 30 June 2012 the group had no commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	£' 000	**£'000**	**£'000**	**£'000**
One year	-	601	601	601
Between one and five years	-	1,352	751	1,352
	-	1,953	1,352	1,953

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

21. Related party transactions

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

During the year Mr D.M. Phillips made temporarily available to the company occasional use of part of his personal foreign currency funds which resulted in a total saving to the company of £175 (2011: £3,968). Of the amounts loaned during the year nothing remained outstanding at the year end. No interest has been charged and there are no terms or conditions attached to these transactions.

During the year the company paid £20,000 (2011: £30,000) as salary to the company payroll and personnel manager who was the spouse of the former managing director Mr H.W. Matthews. No amounts were outstanding at year end.

During the year, the company paid £111,967 (2011: £Nil) rent to Anitass Limited, a wholly owned subsidiary. No amounts were outstanding at the year end.

22. Post balance sheet events

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

23. Contingent liabilities

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

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

Post year end, a tenant defaulted on a property lease guaranteed by the group. This lease expires in September 2012. The tenant is still trading and the board are pursuing the rent due. The group is potentially liable for dilapidation costs in respect of this lease. At the current time, the directors are unable to quantify the potential liability. The board has sought and will continue to seek the resolution of this issue.

24. Financial instruments exposure

The interest rate exposure of the financial assets and liabilities of the group and company as at 30 June 2012 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.

Note 13 above refers to further matters relating to credit risk as does the Business and Financial Review under the heading of Financial Risk Management.

Group	**Floating £'000**	**Zero £'000**	**Total £'000**
Financial assets – loans and receivables			
Cash and cash equivalents:			
Sterling	3,992	-	3,992
US Dollars (Sterling equivalent)	178	-	178
Euros (Sterling equivalent)	134	-	134
Trade and other receivables	-	13,202	13,202
Total	4,304	13,202	17,506

	Floating £'000	**Zero £'000**	**Total £'000**
Financial liabilities at amortised cost			
Trade payables:			
Sterling	-	8,630	8,630
US Dollar (Sterling equivalent)	-	686	686
Euros (Sterling equivalent)	-	198	198
Other payables	-	120	120
Total	-	9,634	9,634

Company	**Floating £'000**	**Zero £'000**	**Total £'000**
Financial assets – loans and receivables			
Cash and cash equivalents:			
Sterling	3,973	-	3,973
US Dollars (Sterling equivalent)	178	-	178
Euros (Sterling equivalent)	134	-	134
Trade and other receivables	-	13,202	13,202
Total	4,285	13,202	17,487

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (continued)

	Floating £'000	Zero £'000	Total £'000
Financial liabilities at amortised cost			
Trade payables:			
Sterling	-	8,630	8,630
US Dollar (Sterling equivalent)	-	686	686
Euros (Sterling equivalent)	-	198	198
Other payables	-	117	117
Total	-	9,631	9,631

The directors estimate that an increase or decrease in annual average interest rates of 0.5% would increase/decrease profit before tax by approximately £20,000.

Type of Financial Instrument

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

Maturity of Financial Instruments

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

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Northamber plc will be held at 23 Davis Road, Chessington, Surrey KT9 1HS on 20 December 2012 at 10:30am for the following purposes:-

1. To receive and adopt the company's accounts for the year ended 30 June 2012 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 2012 be received and approved.
3. To declare a dividend on the ordinary shares of the company.
4. Re-elect D.M. Phillips as a director.
5. Re-elect A.G.K.Hamilton as a director.
6. Elect J.P. Henry as a director.
7. To re-appoint Grant Thornton UK as auditors and to authorise the directors to fix their remuneration.

ORDINARY RESOLUTION

8 (1) THAT, the directors be generally and unconditionally authorised to allot equity securities (as defined by Section 560 of the Companies Act 2006 ("the Act"), up to an aggregate nominal amount of £187,725 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 8.2 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; and

SPECIAL RESOLUTIONS

8 (2) THAT, the directors be authorised to allot equity securities pursuant to Resolution 8 (1) above up to an aggregate nominal amount of £93,862 as if Section 561 of the Companies Act 2006 (existing shareholders' rights of pre-emption)

(a) did not apply to the allotment, or

(b) applied to the allotment with such modifications as the directors may determine

(c) provided that this authority shall, unless renewed, varied or revoked by the company, expire on the 4 March 2014 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.:-

8 (3) THAT the company be and is hereby unconditionally and generally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006 of ordinary shares of 1p in the capital of the company, provided that:

(a) the maximum number of shares hereby authorised to be acquired is 2,815,874 representing 10 per cent of the present issued share capital;

(b) the minimum price which may be paid for such shares is 1p per share (exclusive of all expenses);

(c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105 per cent of the average middle market quotations of the ordinary shares of the company as derived from the Daily Official List of The London Stock Exchange on the 10 dealing days immediately preceding the day on which the shares are contracted to be purchased;

NOTICE OF MEETING (continued)

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

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

By Order of the Board

S. Yoganathan ACMA,
Company Secretary

Registered office:
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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