

FW THORPE PLC

ANNUAL REPORT AND ACCOUNTS 2015

INTRODUCTION

WE SPECIALISE IN DESIGNING AND MANUFACTURING PROFESSIONAL LIGHTING EQUIPMENT. WE CURRENTLY EMPLOY AROUND 600 PEOPLE AND ALTHOUGH EACH COMPANY WORKS AUTONOMOUSLY, OUR SKILLS AND MARKETS ARE COMPLEMENTARY.



to access further content please visit:

www.fwthorpe.co.uk



CONTENTS

Strategic report

- 01 How we have performed
- 02 Chairman's statement
- 06 About us
- 10 Strategy and business model
- 11 Business review
- 12 Principal risks and uncertainties
- 14 Around the Group in 2015
- 18 Introducing Lightronics
- 20 Smart TR wireless lighting control
- 22 Ernest George Thorpe 1917 – 2015

Governance

- 24 Board of Directors
- 26 Directors' Report
- 30 Statement of Directors' Responsibilities
- 31 Directors' Remuneration Report
- 34 Independent Auditors' Report to the members of FW Thorpe Plc

Accounts

- 36 Consolidated Income Statement
- 37 Consolidated Statement of Comprehensive Income
- 38 Consolidated and Company Statements of Financial Position
- 39 Consolidated Statement of Changes in Equity
- 40 Company Statement of Changes in Equity
- 41 Consolidated and Company Statements of Cash Flows
- 42 Notes to the Consolidated Financial Statements

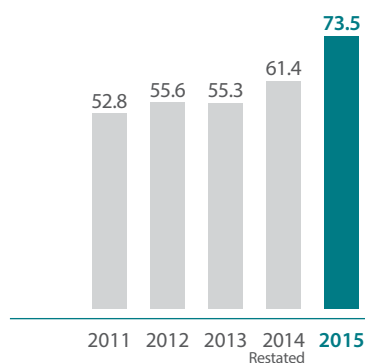
Additional information

- 76 Notice of Meeting
- 78 Shareholder notes
- 80 Financial calendar

HOW WE HAVE PERFORMED

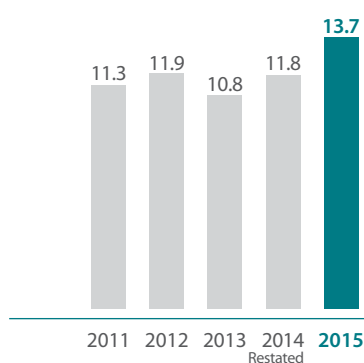
FINANCIAL HIGHLIGHTS

Revenue £m



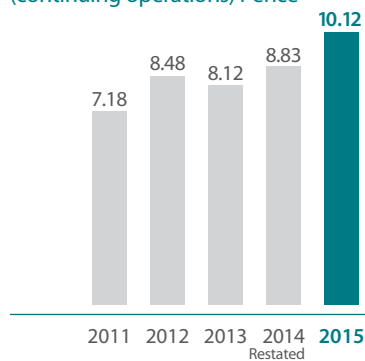
+20%

Operating profit £m



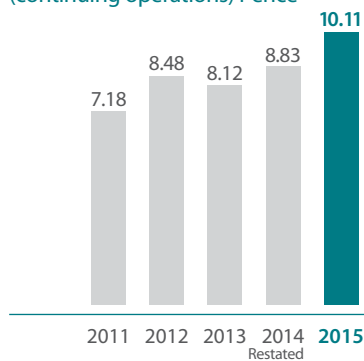
+17%

Basic earnings per share
(continuing operations) Pence



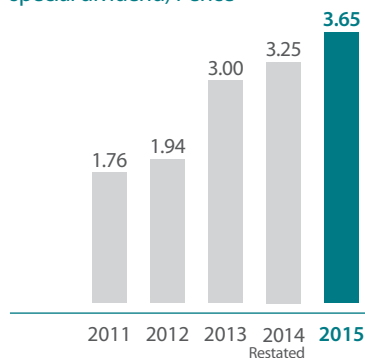
+15%

Diluted earnings per share
(continuing operations) Pence



+14%

Dividend per share (excluding
special dividend) Pence



+12%

OPERATIONAL HIGHLIGHTS

» Thorlux achieves new highs; continued investment in products and manufacturing

⊕ See page 3 and 14 for more detail

» Compact returns to profit, TRT achieves profitability, full year of costs for UAE operation

⊕ See page 4, 15 and 17 for more detail

» Acquisition of Lightronics in April 2015

⊕ See pages 5 and 18 for more detail

CHAIRMAN'S STATEMENT



» VIRTUALLY ALL COMPANIES WITHIN THE GROUP IMPROVED THEIR PERFORMANCE NOT ONLY IN REGARD TO REVENUE BUT ALSO IN PROFIT TERMS.

Andrew Thorpe, Chairman

In the financial year to 30 June 2015 Group revenue reached a new peak of £73.5m, an increase of 19.9%. Operating profit similarly increased to £13.7m, a 16.7% uplift compared to the 2013/2014 financial year. Regrettably investment income again declined reflecting the continued fall in general bank interest rates. Resultant profit before tax, however, pleased at a figure of £14.4m, a 14.7% increase.

Virtually all companies within the Group improved their performance not only in regard to revenue but also in profit terms. More detail will be given later in this report but special mention must be given to TRT Lighting, producing road tunnel and street lighting which has risen from commencement of trading on 1 July 2013 to a profitable £4m revenue organisation in a little over two years.

Generally, our market has again been buoyed by an improving economy but one must be respectful in the knowledge that our Government is introducing further spending cuts and as this "potential customer" still spends some 43% of GDP some effect will be felt somewhere. Alongside our own situation we also have, as we speak, a faltering China, now the second largest economy in the world, an uncertain US and a Europe where many countries are teetering again on the brink of recession. Britain is not an island!

The percentage of LED products produced by the Group has increased marginally since my last report probably because of the same reasons cited then. This percentage varies widely from subsidiary to subsidiary with the highest LED performer producing some 100% of products in LED format to the lowest at 38%. There are, therefore, a plethora of efficiencies to be made as the demise of "traditional" lighting technologies draws nearer.

Including Lightronics, Group sales overseas have increased by 64% compared to the previous financial year. On a like-for-like basis export revenues are up 21% with, again, Thorlux being the largest contributor. More details will be given in the Thorlux section but only limited progress has been made by other subsidiaries despite good intentions. More focus will be given in the coming year as if we are not there, then we cannot sell.

Our Group UAE joint venture is now established with an office in Abu Dhabi, a General Manager and two Sales Engineers. Only limited sales progress has been made so far but the gaining of numerous specifications for the use of our lighting in future projects bodes well for the future.

Generally 2014/2015 has been an eventful financial year with the disposal of Sugg Lighting, the doubling of Group LED circuit board manufacturing capacity at Thorlux, and Solite Europe moving into its £1.4m new factory in Stockport, Manchester. These events have already been mentioned in my interim report but further, your company made its largest single investment to date purchasing Lightronics Participaties B.V., a highly successful Netherlands lighting company, the purchase of which will amount to some €14m over time.

To make these things happen companies such as FW Thorpe Plc need good people and your company has, for decades, taken on and trained a number of apprentices every year and many of the firm's ex-apprentices are now in important positions throughout the Group right up to Managing Director level. In this regard, I would like to commend our current Government for considering a training levy designed, hopefully, so that those who train get recompensed and those who don't, pay anyway.

Group performance for the financial year to 30 June 2015 allows your Board to recommend a 2.55p per share final dividend (2.20p: 2013/14) which together with the interim dividend paid in April 2015 gives a total dividend for the year of 3.65p (3.25p: 2013/14). This is an increase of 12.3%.

Finally and on a sad note the year saw the passing of Ernest George Thorpe, aged 97 years, ex-Chairman and 55 years servant of your company; an obituary for "EGT" or "Mr Ernest" as he was known can be read in the annual report.

Thorlux Lighting

Commercial and industrial lighting systems manufacturer Thorlux performed very well throughout the year despite the continuing but necessary mix of new and "old" technology products to be made, and the start of a major factory layout overhaul. The latter has been made possible by the new finished goods warehouse built in 2013 and more recently the £0.3m purchase and installation of seven vertical storage units allowing a high proportion of component stock to be stored vertically. Having cleared as much floor space as practicable the re-laying out has now begun in earnest.

Apart from the purchase of these vertical storage units, investment in buildings, plant and machinery this year has been limited to the installation of a second £0.5m PCB manufacturing line and the purchase of three new press-brake sheet metal bending machines at a cost of some £0.3m. Much work has been completed, however, on preparation for the major factory re-laying out as mentioned above.

Home (UK) performance was pleasing throughout the year as was export, which although increasing by 16% over the previous year was patchy in nature. Some agents abroad improved their business with us but others reduced. So often with agents abroad, the leaving or starting of just one person can swing their performance one way or the other. This situation reinforces your company's continuing efforts to put its own offices in place overseas.

The Australian joint venture has disappointed this year and a review of strategy will take place. The UAE office, as mentioned in the Group report, is gaining specifications for future business. The Dublin office of now three people has greatly improved its level of business over last year, as has the German office. The German office maintained its level of five people and discussions are taking place as to how we can not only increase our coverage in Germany but also use our German expertise, gained so far, to extend a reach into other German-speaking countries in the area.

CHAIRMAN'S STATEMENT CONTINUED

Compact Lighting

Having explained our frustration with Compact Lighting, the Group maker of display and retail lighting systems, last year, I am pleased to say that Compact has displayed a change of fortunes in the second half of the financial year. The final results show an increase in sales of 25% over the previous year with a 5% profit to sales ratio.

The metrics show a healthier mix of new and existing customers with the total being higher in number. Hopefully this is the result of Compact now having an extensive range of tooled display lighting products. Compact's improved product range and a new strategic sales direction put in place some three years ago seems to be demonstrating positive momentum.

We are confident that Compact will build on this new-found strength.

Philip Payne

Specification exit signage manufacturer Philip Payne produced a very pleasing year's result with record input, output and profit. This is a commendable achievement considering the narrowness of this market.

The year has not seen any large expenditure on buildings, plant and machinery but has been one of quiet consolidation and the servicing of a growing order book. Payne has been one subsidiary notably working to increase exports in the Middle East via our Group UAE operation where it has seen much interest in its products.

This interest has come at a cost, however, due to third party certifications required for emergency lighting products to be used in many Middle East countries. Payne's, with its limited resource has managed to gain numerous of these required certifications absorbing many man hours' worth of work and some £0.1m.

Pleasing to say, though, that orders about to be received, partly due to this work, should recoup this investment and hopefully a major part of the sales platform has been laid for further success in that area.

Not wishing to break with tradition: naming one or two of Philip Payne's projects throughout the year, one can include exit sign installations at Claridges, Winchester Cathedral and the Royal Albert Hall, amongst others.

To continue the regular format I would name a few "new homes" for Philip Payne exit signage as including The Globe Theatre, Hugo Boss in Sloane Square, Eton College, and topically the Scottish Parliament Building at Holyrood.

Solite Europe

Solite, the Group's manufacturer of high IP cleanroom lighting moved to its new £1.4m factory in Stockport, Manchester during the year and, despite the disruption, staff at Solite managed the move with little or no customer disruption. The Group's thanks go out to them for their much appreciated efforts.

The new factory allows Solite to look to the future as the old 1960s leased premises were not ideal and had become too small for their purposes.

Despite the interruption Solite managed a 26% increase in revenue with a corresponding increase in profit of some 40%.

Portland Lighting

Lighting for signs maker Portland Lighting has maintained its position within the Group for the highest profit to sales ratio, again beating Thorlux to the trophy.

That said and not forgetting the very pleasing growth of the company since it joined the Group in 2012, Portland has taken a rest period with revenue virtually on a par with the last financial year.

It has been recognised as with some other subsidiaries that a certain level of sales capability can only produce so much in sales and so Portland has invested in a new full time Sales Engineer who should improve market penetration.

Investment in upgrading products, bringing in new LED lines has continued and, to note, the firm now has some solar-powered test systems out in the field illuminating billboards.

TRT Lighting

Street lighting and road tunnel lighting specialists TRT, which stands for Thorlux Road and Tunnel incidentally, has as mentioned earlier, quickly grown to a £4m revenue plus profitable entity.

Success selling British-made streetlights to numerous local authorities has not come easily but the swift uplift in demand has brought its own problems of sourcing sufficient components. Further tooling investments are currently being made to ease these problems and allow further growth in this area.

Road tunnel projects have also met some success, although by the very nature of these projects their revenue input tends to be "lumpy". Road tunnel lighting is mainly now in LED format and whilst there are a number of competitors in the field the sheer technology involved in luminaire and system designs of this nature keeps newcomers to the market at a minimum.

Finally, in regard to TRT, it is with great pleasure, at this time, that I can congratulate Mr Ross Evans, Sales Director and General Manager of TRT on his promotion to Managing Director.

Lightronics

During the year your company purchased Lightronics Participaties B.V. in an arrangement whereby FW Thorpe Plc purchased the shareholding held by a Netherlands private equity company. The remaining shareholding is partly held by people already involved in high level management within the business, each being instrumental in building Lightronics to the company it is today.

The product range is mainly outdoor and pole top luminaires with a lesser range of industrial products. Whilst styles differ in different countries there is a definite agreement that transference of products should add revenue in each direction.

FW Thorpe Plc 2014/2015 financial figures includes just three months' contribution from Lightronics.

All parties involved look forward to the future.

Carbon Offsetting Project

We have now planted 70,324 trees in Monmouthshire including 10,000 ash trees. Regrettably, 3,000 of these have had to be destroyed due to Chalara Fraxinea (ash die-back) and a watch is being kept on the remainder.

The top management at Lightronics has expressed great interest in the project and see it as an excellent selling aid for them. It seems that carbon offsetting has more customer traction in the Netherlands than in the UK currently.

This financial year will see a rest in planting as we are ahead of schedule in our carbon offsetting due to the vagaries of the tree planting grant system.

People

We have many stalwarts at FW Thorpe Plc who have supported the company through thick and thin. A number have been with us well over 40 years, numerous over 25 years; 15 years being very relative "newcomers". To all of them I would like to give special thanks this year for their continuing efforts. Notwithstanding this, however I would like to thank all those others both permanent and "temp" who have helped make this year a most satisfactory one.

The Future

Britain is, of course, an island but we must be cognisant of the potential macro-economic headwinds.

The future is still definitely LED especially with a possible upstart contender in OLEDs or Organic LEDs apparently dropping away: it seems due to technical problems of realising sufficient efficiency in translating power consumed into useful light.

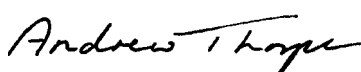
Traditional light sources remain in demand and it can be reported that your company has been surprised at the level of such products requested during this summer period.

The problem this causes in the number of variants required to be manufactured therefore remains and, I think, this is a problem that will be with us for longer than we assumed and for some years to come.

On the bright side, however, FW Thorpe Plc has numerous new and innovative luminaires and systems which will be brought to the market in coming months. Further, of the two laggards mentioned last year, one has gone and the other appears to be catching up!

This year your company has improved margins on LED products, mentioned as one of our aims last year, and we are now almost on a continual basis looking to expand our sales platform.

We will, as always, "try and do better than last year".



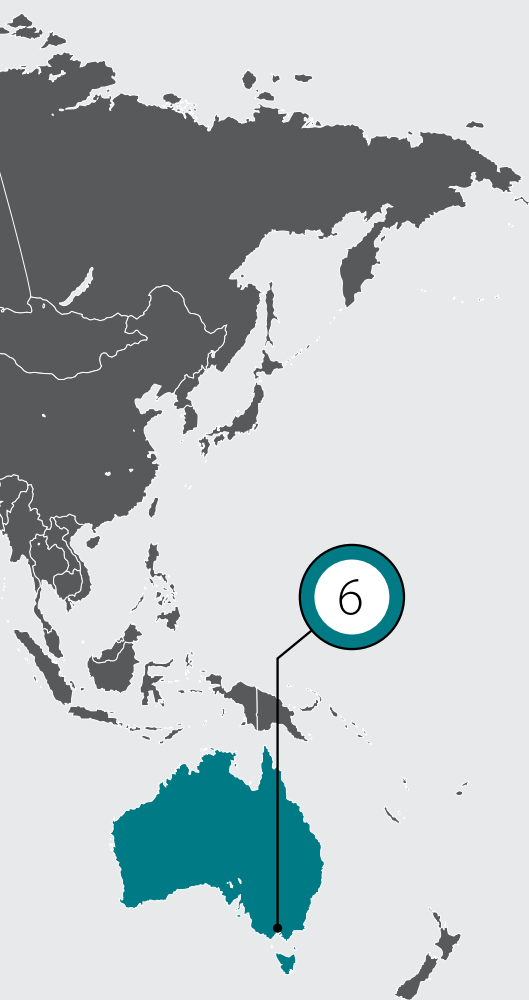
A B Thorpe
Chairman

9 October 2015

ABOUT US

Our products are sold throughout the world. The Group management team is passionate about developing the business for the benefit of the shareholders, employees and customers. With the energy and ability of our staff we look forward to the future with enthusiasm. Our aim is to create shareholder value through market leadership in the design, manufacture and supply of professional lighting systems.





» ① UNITED KINGDOM

Thorlux Lighting
TRT Lighting
 Redditch

Compact Lighting
 Portsmouth

Philip Payne
 Solihull

Solite Europe
 Stockport

Portland Lighting
 Walsall

» ② NETHERLANDS

Lightronics
 Waalwijk

» ③ IRELAND

Thorlux Lighting
 Dublin

» ④ GERMANY

Thorlux Lighting
 Düsseldorf

» ⑤ UNITED ARAB EMIRATES

Thorlux Lighting
 Abu Dhabi

» ⑥ AUSTRALIA

Thorlux Lighting Australasia
 Melbourne, Brisbane

ABOUT US CONTINUED

» DESIGNERS,
MANUFACTURERS
AND SUPPLIERS OF
PROFESSIONAL
LIGHTING SYSTEMS

THORLUX LIGHTING



Key products

- Recessed, surface and suspended luminaires
- Emergency lighting systems
- Hazardous area lighting
- High and low bay luminaires
- Lighting controls
- Exterior lighting

Market sectors

- Commercial
- Industrial
- Education
- Healthcare
- Manufacturing

The Thorlux range of luminaires is designed, manufactured and distributed by Thorlux Lighting, a division of FW Thorpe Plc.

Thorlux luminaires have been manufactured continuously since 1936, the year Frederick William Thorpe founded the company.

The company now operates from the Group's modern 16,882m² self-contained factory in Redditch, Worcestershire, central England.

Thorlux is well known throughout the world and provides a comprehensive range of professional lighting and control systems for a wide variety of applications.

COMPACT



Key products

- Recessed and surface luminaires
- Track systems

Market sectors

- Retail
- Display
- Hospitality

Compact Lighting, founded by FW Thorpe Plc in 1992, design and manufactures a complete range of innovative lighting solutions for the retail, hospitality and display environments.

From its purpose-built factory in Portsmouth, UK, Compact Lighting offers cost-effective solutions using the latest LED technology to a host of global clients.

PHILIP PAYNE



Key products

- Emergency exit signage
- Emergency lighting systems

Market sectors

- Commercial
- Hospitality
- Healthcare

Philip Payne recognises that most trade emergency exit signage products are generally designed with the functional in mind.

Philip Payne offers a backbone range of quality standard products but more importantly encourages direct dialogue with architects and designers to ensure via product variation or bespoke work aesthetic aspirations and requirements are fully met.

SOLITE



Key products

- Cleanroom luminaires



Market sectors

- Pharmaceutical
- Healthcare
- Education/Research

Solite Europe is a leading manufacturer and supplier of cleanroom lighting equipment and luminaires within the UK and Europe.

It provides luminaires for laboratories, pharmaceutical and semi-conductor manufacturing areas including hospitals, kitchens and food preparation applications.

PORTLAND LIGHTING



Key products

- Lighting for signs



Market sectors

- Retail
- Hospitality
- Advertising

Portland Lighting designs, manufactures and supplies innovative lighting products to the advertising, brewery, retail and sign lighting industries.

The company operates from a modern 1,300m² facility in Walsall, which was purposely designed to enable the fast turnaround of customer orders.

Established in 1994, the product range has continually evolved to ensure that Portland remains one of the leading companies in their sector.

TRT LIGHTING



Key products

- Road and tunnel lighting
- Amenity lighting



Market sectors

- Infrastructure
- Facilities – car parking

TRT (Thorlux Road and Tunnel) Lighting, an independent specialist division which has evolved from Thorlux Lighting, is the latest venture within the FW Thorpe group.

Building on years of lighting experience, TRT is dedicated to the design, manufacture and supply of LED road and tunnel luminaires. The target for TRT is to produce quality, efficient, stylish, high performance LED products that are manufactured in the UK.

LIGHTRONICS



Key products

- Road lighting
- Amenity lighting
- Outdoor wall and ceiling luminaires
- Lighting controls



Market sectors

- Infrastructure
- Facilities – car parking
- Housing

Based in Waalwijk, Netherlands, Lightronics specialises in the development, manufacture and supply of external and impact resistant lighting, which includes street lighting, outdoor wall and ceiling luminaires as well as control systems. The majority of its revenue is derived from the Netherlands but there is also an export presence in other European locations.

Lightronics was originally established in 1946 and has a strong tradition of solid, reliable products as well as being known for its innovation. Products are environmentally friendly in terms of energy use as well as in the prevention of light pollution.

STRATEGY AND BUSINESS MODEL

» OUR FOCUS IS FOR LONG-TERM GROWTH AND STABILITY, ACHIEVED BY DELIVERING MARKET-LEADING PRODUCTS, BACKED BY EXCELLENT CUSTOMER SERVICE.

OUTSTANDING PRODUCTS



2015 PROGRESS

- LED product range further enhanced
- Smart TR, wireless lighting controls launched

THE FUTURE

- Continued LED product development
- Enhanced controls and emergency product ranges



MANUFACTURING EXCELLENCE



2015 PROGRESS

- Doubling of LED circuit board manufacturing
- New manufacturing facility for Solite
- Facilities acquired in the Netherlands through Lightronics

THE FUTURE

- Continual investment



QUALITY PEOPLE



2015 PROGRESS

- Business development investment
- Apprenticeship scheme continues
- Sales office established in the UAE
- Acquisition of Lightronics

THE FUTURE

- Establish further offices overseas
- Continual investment



CONTINUOUS RESEARCH AND DEVELOPMENT

BUSINESS REVIEW

A review of the business and future developments is included in the Chairman's statement and in the case studies on pages 14 to 23.

Principal activity

The main activity of the Group continues to be the design, manufacture and supply of professional lighting equipment. Each company within the Group operates in a different market of the lighting sector.

Key performance indicators

The directors consider the main financial key performance indicators (KPIs) to be those disclosed on page 1 (financial highlights). The two most important KPIs to the business are turnover and operating profit.

The directors monitor non-financial areas of the business relating to energy saving and environmental responsibility, market and product development, customer service and product support on a regular basis.

Objectives are set for each company within the Group incorporating financial and non-financial targets which have appropriate measurements that reflect their nature. These are monitored regularly at local and Group Board level. During the year the majority of objectives were achieved or substantially achieved.

Principal risk and uncertainties

The table on pages 12 and 13 details what we consider to be the principal risks and uncertainties to the business, and how we seek to manage and mitigate these risks.

The Group has financial risks and seeks to minimise and manage these by incorporating controls into key functions as part of the normal business operation.

Details of other risk management procedures are included within the internal control section of this report and in the financial risk section within the accounting policies (note 1).

Internal control

The Board of directors has overall responsibility for the system of internal control and for reviewing its effectiveness throughout the Group. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable but not absolute assurance against misstatement or loss.

The directors have responsibility for maintaining a system of internal control which provides reasonable assurance of the effective and efficient operations, internal financial control and compliance with laws and regulations.

Internal financial control

During the year, a member of the Group finance department has visited all operating sites to assess their compliance with a selection of key control procedures and any non-compliance reported to the Group Board. Any areas of non-compliance noted as part of this process have been addressed.

In addition, the executive directors regularly visit all operating sites and review with local management financial and commercial issues affecting the Group's operations. Regular financial reporting includes rolling forecasts and monthly financial reports comparing performance against plan. These reports are reviewed locally with a group representative and monitored by the Group Board. Accordingly, the directors do not consider that an internal audit department is required.

Other areas of control

During the year and continuing after the year end, the Board has operated a formal risk identification and evaluation process as part of a continuous review of the Group's internal controls. This process considers financial, operational and compliance risks and includes participation from senior executives from all operating subsidiaries. The results of this process to date have been utilised by the Board to focus the ongoing process for identifying, evaluating and managing the Group's significant risks. The programme is utilised to monitor the potential impact of the risks identified and, where appropriate, actions are taken to ensure they are effectively controlled. This process is extended to include a detailed review of risk, as assessed by local senior executives, and procedures have been established to ensure that the Group Board is made aware of any additional significant risks identified and to consider appropriate action. This process culminated in the provision of a certificate, by senior executives at the operating sites, confirming that they have identified and addressed the risks arising in their business and reported them to the Group Board accordingly.

By order of the Board



C Muncaster
Director








9 October 2015

Registered Office:
Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

Company Registration Number: 317886

PRINCIPAL RISKS AND UNCERTAINTIES

AREA OF RISK	TYPE OF RISK	DESCRIPTION OF RISK
» ADVERSE ECONOMIC CONDITIONS	Strategic	Deferred or reduced capital investment plans in market sectors into which our products are supplied and are key sources of revenue for the Group.
» CHANGES IN GOVERNMENT LEGISLATION OR POLICY	Strategic	Reduction in public sector expenditure and changing policy increases risk to our order book.
» COMPETITIVE ENVIRONMENT	Strategic	Existing competitors, powerful new entrants and continued evolution of technologies in the lighting industry eroding our sales and profitability.
» PRICE CHANGES	Operational	Erosion of sales and profitability.
» BUSINESS CONTINUITY	Operational	The majority of the Group's revenues are from products manufactured in the Redditch facility.
» CREDIT RISK	Financial	The Group offers credit terms which carries risk of slow payment and default.
» MOVEMENTS IN CURRENCY EXCHANGE RATES	Financial	The Group is exposed to transaction risk and since the acquisition of Lightronics there is also an exposure to translation risk.

MITIGATION OF FACTORS	POSSIBLE IMPACT ON PERFORMANCE	CHANGE IN PERIOD
<ul style="list-style-type: none"> Broad range of customers in differing sectors. High quality, technically advanced products to differentiate the Group from competitors. Actively seek to identify new opportunities to ensure we maximise our potential of winning new business. 	High	
<ul style="list-style-type: none"> Continue to seek to diversify our customer portfolio to ensure we have an appropriate spread, mitigating the risk of any industry or specific sector spending issues. 	Medium	
<ul style="list-style-type: none"> Offering innovative products and service solutions that are technologically advanced products to enable us to differentiate ourselves from our competitors. Investing in research and development activities to produce new and evolving product ranges. Investing in new production equipment to ensure we can keep costs low and maintain barriers to new market entrants. 	Medium	
<ul style="list-style-type: none"> Management reviews prices, at least annually, to take into account fluctuations in costs, in order to minimise the risk of reduction in gross margin, or the loss of market share from a lack of competitiveness. 	Medium	
<ul style="list-style-type: none"> High level of importance attached to environmental management systems, health and safety and preventative maintenance. Insurance cover is maintained to provide financial protection where appropriate. 	High	
<ul style="list-style-type: none"> Credit policy includes an assessment of the bad debt risk and management of higher risk customers. The Group maintains a credit insurance policy for a significant part of its debt. 	Low	
<ul style="list-style-type: none"> The Group has increased its sourcing of materials to maintain a natural hedge to offset its currency risk from receivables. 	Low	

AROUND THE GROUP IN 2015



FW Thorpe Plc encompasses individual companies that concentrate on particular market sectors. More recently, the company has extended its geographical reach with the establishment of Thorlux LLC in the UAE and the acquisition of Lightronics Participaties B.V. in the Netherlands (see page 18 for further details).

The companies within the Group face different challenges within their respective markets, but all share product and technical expertise, particularly beneficial with the continuing development and market adoption of LED technology.

Overall, the Group has continued to progress in many areas, including new product introduction, investment in manufacturing facilities and success in new markets. This progress is underpinned by the development of market-leading lighting equipment and the delivery of excellent customer service.

The following is an overview of the year for each company.

Thorlux Lighting

Thorlux continues to establish new standards, with all key figures at record levels for 2014/15. The company supplies the broadest product range of the FW Thorpe Plc companies, covering multiple market sectors – commercial, industrial and retail – and both the public and private sectors. Thorlux continues to be the driving force behind product development for the rest of the Group.

Investment continues in the area of sales coverage, with more business development managers recruited, alongside continual product development and increased production capability.

This year has seen the extension of the LED printed circuit board assembly facility, following the introduction of a second high speed production line effectively doubling output capacity and increasing flexibility of the range of boards that can be manufactured. The new technologically advanced facility ensures that the Group has a high quality supply of critical “light engines” and a setup that is ready for future developments and demand.

Continued investment in sales and sales support staff has yielded benefits: Thorlux has secured new business with, for example, Michelin, Apple and Birmingham City University, and a prestigious project with the Foreign and Commonwealth Office.

As well as the continual rapid introduction of new LED products, development of emergency and controls technology is a major focus. 2015 has seen the launch of Smart TR (see page 20 for further details), a patented wireless control system building on the success of the current Smart system. The company expects to launch new products utilising the Smart TR platform for the emergency market during 2016.

Thorlux will continue to focus on securing business in new sectors and territories, exploiting the expanding global footprint of the Group, especially important to counteract any impact from UK Government austerity measures. This will be underpinned by a solid foundation of innovative, market-leading product development.



Compact Lighting

Compact operates in the retail, display and hospitality sectors. These markets can be particularly demanding, with challenging delivery schedules and competitive pricing. The improved result for 2014/15, which builds on the positive performance of the previous year, is therefore especially satisfying.

A decision was made within the last few years to remodel the sales approach, which includes new customer-facing personnel who concentrate on developing existing accounts and securing new customers. This has started to yield a benefit, with new business secured in the food, clothing and automotive sectors of retail.

Export continues to be a major contributor to the revenues of Compact, linked, in particular, to success with certain UK and US retailers. Compact has completed deliveries to Europe, the Middle East, Australia, Russia and China during the last financial year, demonstrating its ability to support its customer base in any continent.

Compact's reputation as an LED innovator in conjunction with investment in product tooling continue to differentiate the company from the competition. Products launched this year have included new trackspot, downlighter and "back of house" luminaires.

In the future the company will continue to promote the Compact brand to a wider audience, develop the export business further and support group selling activities with its tooled product portfolio.

Philip Payne

The Philip Payne brand continues to sit among those first considered by the architectural community when it comes to lighting specifications for the UK's top construction and refurbishment projects; this has ensured another record year in terms of revenue and return on sales.

The core range of exit signage has long been the default selection for top design practices. Now, the LED revolution has afforded an opportunity to migrate the Payne design philosophy to expand into aesthetically pleasing emergency luminaires which complement and complete the emergency lighting package.

Payne identified export as a vehicle for further growth, and the advent of the Group's UAE operations provided an ideal opportunity to realise this ambition. This new market has required Payne to achieve Kitemark approval for a selection of products identified to replicate the home market position; this is essential to qualify for mandatory local civil defence approvals. Since the brand was launched in the region earlier in 2015, Payne has secured a surprisingly high number of blue chip specifications with international design houses on major construction projects as well as smaller scale prestige projects.

Alongside the Kitemark for its range of luminaires, Payne has achieved a second Kitemark for its automatic emergency lighting testing and monitoring system, affording further opportunities both at home and overseas.

No year passes without additions to the impressive back catalogue of prestige sites. This year is no exception, with successful supply to works at The Shard and the Olympic Stadium. In retail there have been installations into Bond Street brands such as Hugo Boss, Bottega Veneta and Burberry. There have also been further successes in other projects including the Lanesborough and Vanderbilt Hotels and historic refurbishments at Eton College and Durham Cathedral.

AROUND THE GROUP IN 2015 CONTINUED

Solite

Since FW Thorpe Plc acquired Solite Europe – a specialist cleanroom lighting manufacturer – in 2009, Solite has enjoyed steady growth and an increased share of its core market. 2014/15 was no exception, and Solite achieved excellent growth with improved margins.

During the year the company transferred its entire operation to a new site in Stockport. The building was purchased off plan, and during the first half of this financial year a fit-out programme was completed, permitting occupation at the end of December 2014.

The new site is only a few miles from the previous facility. Given the high prevailing order book during this period, continuity was imperative and the move was completed with minimal disruption. The proximity has also meant that the majority of the incumbent workforce has migrated to the new site.

The building features many of the products sold across the Group, including energy-saving lighting systems, emergency lighting and external amenity lighting. The site also includes an impressive showroom and demonstration area showcasing Solite's own range of specialist luminaires in a specially constructed cleanroom ceiling.

As part of the relocation programme, some ageing machinery has been replaced and a new modern powder-coating plant has been installed to provide excellent facilities as Solite looks to step up to new levels of production capability in the future.

Portland Lighting

Production and delivery to site of yesterday's orders today is their market expectation and thus servicing and satisfying a very demanding fast turnaround customer base continues to be the focus for Portland Lighting, the Group's externally illuminated sign lighting company. The company's main focus continues to be external shop front sign lighting, although this year has seen increased activity in the brewery sector.

Portland has also made significant investment in pursuit of further market share in the static billboard advertisement sector. Developments include the launch of a solar-powered derivative of the successful Eco-Lux range, and performance-enhancing optical improvements to increase the throw of light to improve illumination over larger advertising spaces.



 SOLITE



The solar-powered development has met with particular interest from billboard companies for locations where it is difficult or uneconomical to install a local electrical supply for illumination of advertising posters. Solar energy is stored in a battery local to the sign and then discharged at variable levels during the hours of darkness.

2015/16 will see Portland increase its focus on expanding its export market while continuing to build on its share of the UK market.

TRT Lighting

TRT has continued to build on the success of 2013/14, with large-scale orders secured for both street and tunnel lighting, and – worthy of note – a move into profitability.

Production facilities have been developed during the year to cope with the significant increase in the order book. New variants of both the street and tunnel products have been introduced during the year, with more to come in 2015/16. TRT has worked closely with Thorlux, providing the technology to enable TRT to introduce a wirelessly controlled amenity product that has been successfully installed in various projects during the year.

TRT continues to perform in the tunnel lighting sector, and this year has supplied products for installations completed at various prestigious London tunnels including the A4 Piccadilly and The Strand. Orders for 2015 also include the lighting for the Heathrow main passenger terminal tunnels, set for completion later this year.

Street lighting projects continue to be tough to secure, but the company has won some major projects around the UK, with projects completed in Dunbartonshire, Warwickshire, Worcestershire and a number of the London boroughs. Working closely with Thorlux, TRT has continued to succeed in amenity projects. Projects include lighting for car parks in numerous sectors, including manufacturing and export.

TRT starts 2015/16 with a good order book and improving margins. Its focus will remain on continued development of products in the street lighting range, while streamlining working practices to meet demand.



INTRODUCING LIGHTRONICS

In April 2015 FW Thorpe acquired Lightronics Participaties B.V., a specialist in lighting systems and controls for a range of different sectors.

Lightronics specialises in the development, manufacture and supply of external and impact-resistant lighting, which includes street lighting, outdoor wall and ceiling luminaires as well as control systems. The majority of its revenues are derived from the Netherlands, but it has an export presence in Germany, France, Belgium, Austria and Norway.

Lightronics was established in 1946. The company is based in Waalwijk in the Netherlands and currently employs 47 people mainly from the local area. Building on almost 70 years of lighting experience, Lightronics' strengths lie within efficient manufacturing and design of intelligent lighting solutions.

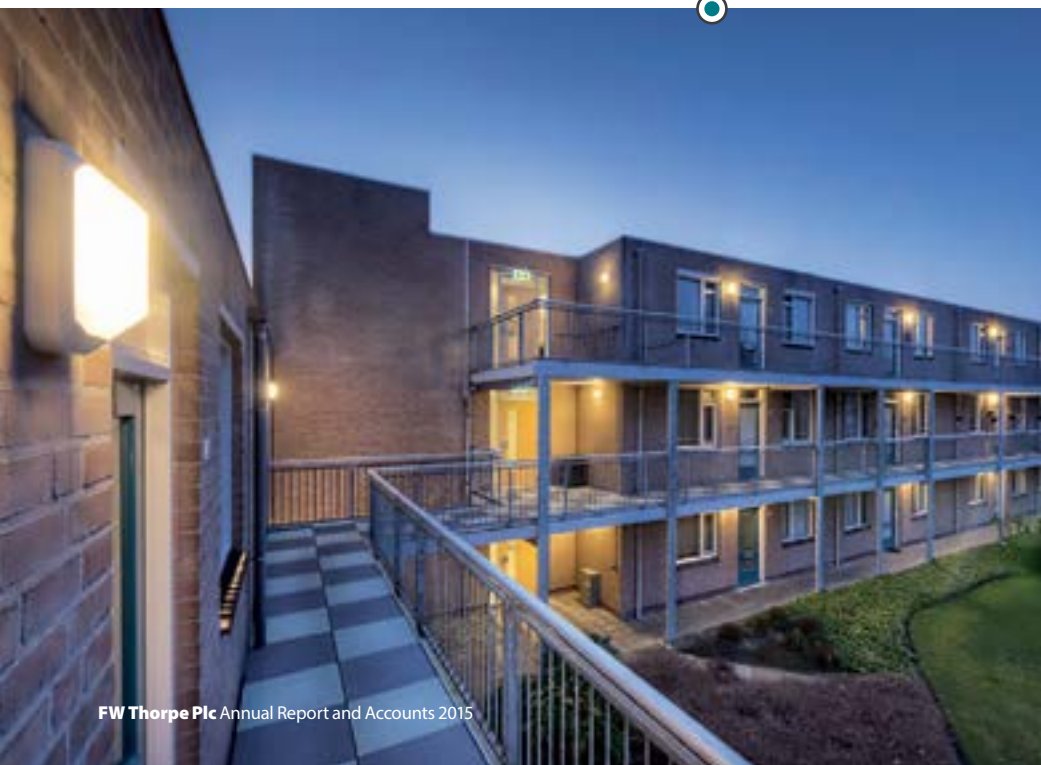
Until 2002, the market knew Lightronics by the name "HOGRO". Since then the company's strategy has been changed to focus on end-user selling, resulting in strong company growth and consistent revenue and operating profit performances. LED lighting and the street lighting sector have been the main contributors to this growth.

Lightronics' product design ethos is similar to that of Thorlux and the rest of the FW Thorpe group. When creating lighting solutions, the

main goals for Lightronics are usability, energy usage and CO₂ efficiency, low maintenance, modularity and the use of sustainable materials. Lightronics' approach to product development is defined by several building blocks: creating a comfortable working environment for employees, improving quality through company and luminaire certifications (CSR certifications, DEKRA LED Performance Marks) as well as creating future-proof luminaires based on a modular design.

The addition of Lightronics will further develop FW Thorpe's sales presence in Europe. This will enable the Group to build on the existing success of Lightronics by introducing FW Thorpe's product portfolio to new territories and further developing existing areas in mainland Europe where FW Thorpe already derives revenues.

The latest LED and driver technologies meeting market demands, Lightronics intelligent lighting luminaires produce a variety of light distributions applicable to environments such as prisons, stations, apartment buildings, bicycle roads, city streets and bridges.





The factory and offices are based two hours south of Amsterdam, two hours west of Germany and an hour north of Belgium. As well as these facilities Lightronics also accommodates their own research and development where light distribution and quality testing are conducted as well as a production area where the products are being assembled and made ready for despatch.

Lightronics is ideally situated for the logistics of receiving products from the UK and globally supplied components as well as distributing products to customers in Northern Europe.



SMART TR WIRELESS LIGHTING CONTROL

In 2015 Thorlux introduced Smart TR, a further development of the hugely successful Smart System. The system provides a simple, effective method of lighting control which minimises energy consumption whilst retaining high levels of user comfort.

In some cases it can be time-consuming and costly to make interconnections between luminaires, for example retrofit installations or external car parks. Thorlux has therefore developed the Smart TR system that provides the option of full wireless control between Smart luminaires.

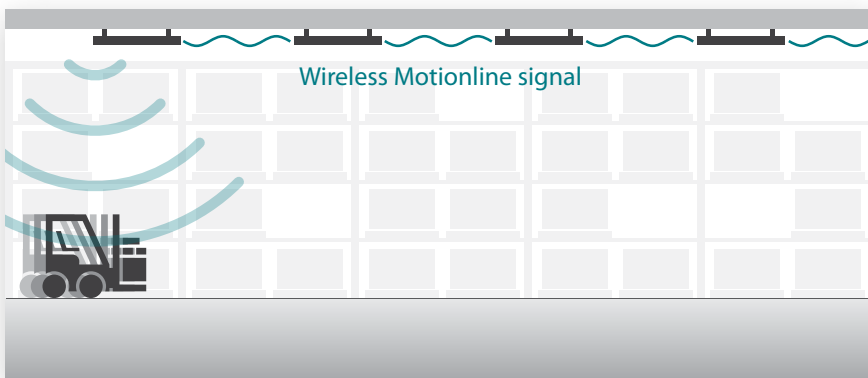
A patent for the product was granted in June 2014, with the first orders shipped during 2015.

The factory fitted addition of a Smart TR transceiver introduces the latest “mesh”

wireless technology and replaces wired Motionline communication signals between luminaires with sophisticated, trouble free wireless transmissions.

Each transceiver can be individually programmed with a Smart Programmer, during commissioning, and assigned to work exclusively within a particular building, or group created within that building.

For more information see www.thorlux.com/smart-tr



If any one Smart TR luminaire detects movement all luminaires within the group will illuminate. This valuable feature is designed to eliminate the possibility of a user being isolated in a small pool of light, surrounded by intimidating darkness. The Motionline ensures that there will always be a well lit comfortable environment.

Covers large areas

Low installation cost

Non-invasive retro-fit solution



SmartTR



Conventional system



Operational frequency 868Mhz – relatively long wavelength compared to common 2.4Ghz systems – provides greater distance and penetration of signals.



Intelligent algorithm with low transmission of data –

transmits less than 1% of total time (99% of time wireless is off) – reduces wireless traffic increasing reliability.



Mesh network –

data can be transmitted from one device to another ensuring high signal reliability.



Good connectivity –

software uses simple "wait before transmit" logic to ensure error free transmissions.



Smart Programmer used for commissioning –

simple, fast, individual, setting of operational parameters from ground level.



Available in most Thorlux Smart luminaires, including the Smart External range –

seamless introduction of wireless communication to a Smart System.



Designed and manufactured by Thorlux in the UK –

a one-stop shop for luminaires, controls and connectivity.

ERNEST GEORGE THORPE

1917–2015



We regret to announce the passing of Ernest Thorpe earlier this year, February 2015. Ernest was the son of Frederick William Thorpe, the founder of FW Thorpe Plc and the father of Ian and Andrew Thorpe, both of whom are still influential in the business today.

Ernest Thorpe was instrumental in laying the foundations of the Group as we know it today. He saw the business through four factory relocations; if one includes the first premises being "the spare bedroom." Whilst the Group has changed in many ways, the fundamental principles instilled by Frederick and Ernest are ever present.

Ernest went to Solihull School where he excelled at sports; he played for the school first rugby fifteen and for the tennis team. When he left school he took up an apprenticeship at George Verity, a Birmingham company where his father, Frederick William Thorpe, was Managing Director of the lighting division.

In his leisure time Ernest played rugby for the Old Silhillians and tennis at the Arden Lawn Tennis Club. He enjoyed the social life of Solihull and started to court Betty Williams, the daughter of the first Manager of the Midland Bank Solihull.



In 1936 Frederick left Verity's disappointed at the lack of progress of other divisions in the Group and started his own company with Ernest. They worked hard to establish the business before operations were interrupted by the Second World War.

Ernest never talked about his wartime experiences and his sons, Ian and Andrew, never asked him. It was by chance that when Ian and his wife, Liz, mentioned they were visiting Orkney on holiday that Ernest revealed he had been trained on search lights near Scapa Flow and the Old Man of Hoy. He went on to serve in the Eighth Army in North Africa, in Italy and was second day-in on D-Day. He was present at the Battle of El Alamein and the capture of Tunis on 7 May 1943 and a section of a censored letter he wrote to his parents on 8 May 1943 says: "When the word was given we went straight through the gap made by the 7th Armoured and bagged Tunis in two days."

On the 9 February 1944 he returned on leave to marry Betty Williams at Solihull Parish Church; it was their 71st Wedding Anniversary two days before he died.

After the war Ernest concentrated on the family business where he ran the factory as Works Director, becoming Managing Director and then Chairman. He was a principled and conscientious employer. He could be described as a benevolent capitalist. There were many acts of kindness to employees in trouble or difficulty which were often unseen or unknown. He would, on the other hand, stand no nonsense from disruptive elements within the company.

When Ernest decided he was too old for tennis, golf became his sport and he joined Ladbrook Park Golf Club in Warwickshire. At the time a silver teaspoon was awarded to the winner of the monthly medal and it was not long before the kitchen drawer was full of spoons. The supply gradually dwindled as his handicap

reduced. He continued to visit Ladbrook Park well into his nineties, meeting friends for lunch every other Wednesday.

Ernest, although retiring as Chairman, continued his involvement as a non-executive director, always maintaining a keen interest. In his retirement he continued to play golf and also joined Warwickshire Cricket Club where spent many happy summer days at Edgbaston. He would also spend long periods at the family holiday house in Tenby where he could play golf or take the boat out and fish for bass along the coastline.

When Betty began to show the effects of Alzheimer's, Ernest became her carer until his health started to fail. In his final years Ernest grew frustrated that he could no longer do what he used to, but perhaps now he can.

Edited by Tara Thorpe (Granddaughter)

BOARD OF DIRECTORS



» ANDREW THORPE

Chairman and Joint Group Chief Executive

Andrew is the grandson of the company founder, Frederick William Thorpe. After serving an apprenticeship with the company, he has worked in various parts of the business, leading to the positions of Export Sales Director, Manufacturing Director and then Managing Director of Thorlux Lighting. In 2000, he became Joint Group Chief Executive and in 2003 Group Chairman.



» MIKE ALLCOCK

Joint Group Chief Executive and Managing Director, Thorlux Lighting

Mike joined FW Thorpe Plc in 1984 as an apprentice, working his way to Technical Director for Thorlux Lighting in 1998, taking responsibility for the company's design programme. He was appointed Group Technical Director in 2001, Managing Director of Thorlux Lighting in 2003 and Joint Group Chief Executive in 2010. Mike is a Chartered Electrical Engineer and a Fellow of the Institution of Engineering and Technology. He is passionate about developing innovative, high technology, market-leading products.



» CRAIG MUNCASTER

Financial Director and Company Secretary

After graduating in Business Administration, Craig qualified as a Chartered Management Accountant in 2000. He has spent time in the manufacturing and engineering sectors, more recently as UK Financial Director for Durr, which included a number of overseas ventures and projects for the wider group.



» TONY COOPER

Manufacturing Director, Thorlux Lighting

Tony graduated from Loughborough University with a B.Tech in Production Engineering and Management in 1984 and became a Chartered Engineer in 1988. He worked in various manufacturing industries, including Mars Electronics and Thomas & Betts, before joining Thorlux Lighting as Manufacturing Director in 1998.



» DAVID TAYLOR

Managing Director, Philip Payne

David joined FW Thorpe Plc in 1978 and on completion of a commercial apprenticeship leading to an HNC in Business Studies he worked in various roles at Thorlux Lighting and elsewhere within the Group. In 1996, he became Managing Director of Philip Payne Limited.



» IAN THORPE

Non-executive director

Ian, grandson of the company founder, was Manufacturing Director of Thorlux Lighting from 1978 until 1993 when he became Personnel Director. He became a non-executive director on 1 October 1997 and is a member of the remuneration committee.



» COLIN BRANGWIN

Non-executive director

After joining the company in 1963, Colin was appointed a director in 1969, later as joint Managing Director, and in 1995 was appointed Chairman. He became non-executive Chairman in 2000, resigning from this role on 30 June 2003.



» PETER MASON

Non-executive director

After studying Electrical Engineering at Aberdeen University, Peter qualified as a Chartered Accountant with Price Waterhouse in 1976. He spent time with Planet Group and TI Group before joining FW Thorpe Group in 1987 as Finance Director. He became Joint Chief Executive in July 2000. He became a non-executive director in June 2010, and is the Chairman of the remuneration committee.

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19 Cornwall Street,
Birmingham B3 2DT

Bankers

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Redditch,
Worcestershire B98 8BZ

Solicitors

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Birmingham B4 6AA

Nominated Adviser

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London EC1A 9BD

Registrars

Equiniti
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Spencer Road,
Lancing BN99 6DA

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Redditch,
Worcestershire B98 9HH

Registered No.
FW Thorpe Plc is registered in
England and Wales No. 317886

WEBSITES

www.fwthorpe.co.uk
www.thorlux.com
www.thorlux.com.au
www.thorlux.de
www.thorlux.ie
www.thorlux.ae
www.compact-lighting.co.uk
www.philippayne.co.uk
www.solite-europe.com
www.portlandlighting.co.uk
www.trtlighting.co.uk
www.lightronics.nl

DIRECTORS' REPORT

FINANCIAL REVIEW

The directors have the pleasure in submitting their annual report and the audited consolidated financial statements of the Group and the company for the year ended 30 June 2015.

Results and dividends

The results for the year are set out in detail on page 36.

Revenue increased by 19.9% to £73.5m. Excluding the acquisition of Lightronics, the increase in revenue was 14.5%. Operating profit also showed an improvement of 16.7% to £13.7m, (12.6% excluding Lightronics) benefiting from the improved profitability at Compact and TRT and reduced losses from Sugg due to its disposal.

Net finance income declined during the year to £0.7m (2014: £0.8m), with bank interest rates continuing at historic lows and cash balances used to fund the acquisition of Lightronics.

The taxation charge reflects a weighted average tax rate of 18.7% (2014 (restated): 17.8%). This is higher than the rate in the previous year due to reduced tax relief for R&D expenditure.

On 31 March 2015, the company paid an interim dividend of 1.10p per share (2014: 1.05p) amounting to £1,272,000 (2014: £1,228,000). A final dividend of 2.55p (2014: 2.20p) per ordinary share is proposed amounting to £2,950,000 (2014: £2,545,000) and, if approved, will be paid on 19 November 2015. Total dividends paid during the year amounted to £5,552,000 in aggregate (2014: £3,568,000). The final dividend for 2014 was paid on 20 November 2014.

Cash and liquidity management

The Group's cash is managed in accordance with the treasury policy. Cash is managed centrally on a daily basis to ensure that the Group has sufficient funds available to meet its needs and invests the remainder. The majority of cash is placed with approved counterparties either on overnight deposit or time deposit. There are a series of time deposits which are maturing on a rolling cycle in order to meet regular business payments, with a margin for larger regular and one-off payments as well as seasonal variation in cash requirements.

The Group primarily trades in sterling. There is an exposure to foreign currency as the Group buys and sells in foreign currencies and maintains currency bank accounts in US Dollars, Australian Dollars, UAE Dirhams and Euros. The activities of buying and selling in foreign currency are broadly matched with currencies bought and sold as required in order to minimise currency exposures. Larger exposures would be hedged in order to reduce the risk of adverse exchange rate movement. There were no currency hedging derivatives in place at 30 June 2015 or 30 June 2014.

Pension scheme position and funding

The pension scheme position as shown in the balance sheet remains in surplus. A triennial actuarial valuation at 30 June 2012 has been completed and a funding level for the future has been agreed between the trustees of the scheme and the directors of the company. The directors consider it unlikely that any changes to the present funding levels will have any significant effect on the strength of the company's balance sheet.

A triennial actuarial valuation at 30 June 2015 has commenced and will be completed by the end of the financial year.

Group research and development activities

The Group is committed to research and development activities in order to maintain its market share in the industrial and commercial lighting market. These activities encompass constant development of both new and existing products to ensure that a leading position in the lighting market is maintained.

During the year the Group spent £1,542,000 (2014: £1,428,000) on capitalised development costs which includes internal labour.

Property, plant and equipment

The directors are of the opinion that the market value of the freehold land and buildings is in excess of their net book value. Whilst it is considered that the market value is significantly greater than the net book value for many of the Group's properties as a result of being acquired between one and over twenty years ago, management consider that undertaking formal valuation exercises would be costly for limited value and consequently no formal exercise has been undertaken.

Creditor payment policy

The Group's policy concerning the payment of its trade creditors is to accept and follow the normal terms of payment amongst suppliers to the lighting industry. Payments are made when they fall due, which is usually on the day after the end of the calendar month following the month in which delivery of goods or services is made. Where reasonable settlement discount terms are offered for early payment, these terms are usually taken up. The number of days represented by the company's year end trade payables is 41 (2014: 45).

CORPORATE RESPONSIBILITY

The Group has the responsibility for managing the challenges that affect the business on a daily basis; this also includes our impact on the environment, our workforce, and the community.

Environment

The Group is committed to minimising the environmental impact of both its manufacturing processes and its products. However, even with the most responsible approach, some carbon dioxide (CO₂) will be released into the atmosphere as an indirect result of factory and selling activities and customers' use of luminaires.

In 2009, FW Thorpe designed an ambitious carbon offsetting scheme to help compensate for these emissions. The scheme is now accredited under the Woodland Carbon Code and now has 70,324 trees planted. The Group requires some 8,000 or so plantings per annum to offset the CO₂ produced by our operations.

Employee policies

Employees are kept informed of matters of concern to them as employees by publication and distribution of a company newsletter and other notices, or by specially convened meetings.

Committees representing the different groups of employees meet regularly to ensure the views of employees are taken into account in making decisions that are likely to affect their interests.

The involvement of employees in the Group's performance is encouraged by various incentive schemes including a profit related bonus scheme.

Information on the financial and economic factors affecting the performance of the Group is made available twice yearly at the time of publication of the interim and annual statements to shareholders.

The Group is committed to developing a safe and healthy working environment for all employees consistent with the requirements of the Health and Safety at Work Act. Within the constraints of health and safety, disabled people are given full and fair consideration for job vacancies. Depending on their skills and abilities, disabled people enjoy the same career prospects as other employees, and if employees become disabled every effort is made to ensure their continued employment, with appropriate training where necessary.

Policies for recruiting employees are designed to ensure equal opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status.

Charitable gifts

During the year the Group gave £7,372 (2014: £7,283) for charitable purposes. This is made up of donations to UK charities for children's welfare of £660, cancer care of £250, healthcare of £300, educational schemes of £2,643, emergency aid and homelessness of £75 and local causes of £3,444.

DIRECTORS

The directors of the company during the year and at the date of this report are set out on pages 24 and 25.

The directors retiring by rotation are A B Thorpe, A M Cooper and C M Brangwin who, being eligible, offer themselves for re-election. The contracts for A B Thorpe and A M Cooper are terminable on 24 and 12 months' notice respectively. C M Brangwin does not have a service contract with the company.

DIRECTORS' SHARE INTERESTS

The details of the directors' share interests are set out in the directors' remuneration report on pages 33.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

DIRECTORS' REPORT CONTINUED

BOARD CONSTITUTION

The company continues to be proprietorial in nature and the directors act as a unitary Board and as a consequence are unable to see the benefits of splitting the Board into sub-committees and in particular of constituting audit and nomination committees as matters that would normally be considered by an audit or nomination committee are addressed by the full Board with the non-executive directors present and the auditors attending as appropriate.

A remuneration committee has been established with the following people serving on it:

P D Mason

Non-executive director and Chairman of the committee.

I A Thorpe

Non-executive director.

Terms and conditions for the operation of this committee are in place and it meets as and when required. The committee's report is presented on pages 31 to 33.

Where there is a requirement for a senior personnel or subsidiary board appointment a sub-committee is formed. Any appointment to the Group Board would involve all Board members in the selection process.

The Board meets regularly during the year and has a schedule of matters reserved for its approval, which only the Board may change.

SUBSTANTIAL SHAREHOLDINGS

At 9 October 2015, the company had received notification of the following interests in 3% or more of the issued share capital, excluding holdings of directors:

E G Thorpe	6,556,980 shares (5.7%)
FMR LLC	6,245,000 shares (5.3%)

RELATIONS WITH SHAREHOLDERS

Directors are kept informed of the views of shareholders by face-to-face contact at the company's premises on the day of the Annual General Meeting and, if appropriate, by meeting with major shareholders at other times during the year.

DIRECTORS' AUTHORITY TO ISSUE SHARES

In previous years, at the Annual General Meeting, shareholders have been asked to pass resolutions to authorise the directors to allot shares for cash or to grant rights to subscribe for, or to convert any security into, shares in the company and to allow them to do so (and also to sell treasury shares) in certain circumstances without first offering the shares in question to existing shareholders.

As the directors have no intention of exercising these authorities, it has been decided not to renew them at the forthcoming Annual General Meeting.

This will not, however, prevent shares from being allotted or treasury shares being sold to individuals who exercise options under any share option scheme of the company.

PURCHASE OF OWN SHARES

Resolution number 8 set out in the notice of the Annual General Meeting will, if it is approved, allow the company to exercise the authority contained in the Articles of Association to purchase its own shares. The Board has no firm intention that the company should make purchases of its own shares if the proposed authority becomes effective, but would like to be able to act quickly if circumstances arise in which such a purchase would be desirable. Purchases will only be made on the Alternative Investment Market and only in circumstances where the directors believe that they are in the best interests of the shareholders generally. Furthermore, purchases will only be made if the directors believe that they would result in an increase in earnings per share.

The proposed authority will be limited by the terms of the special resolution to the purchase of 11,893,559 ordinary shares representing 10% of the company's issued ordinary share capital at 9 October 2015 and a nominal value of £118,936.

The minimum price per ordinary share payable by the company (exclusive of expenses) will be 1p. The maximum to be paid will be an amount not more than 5% above the average of the middle market quotations for ordinary shares of the company as derived from the Alternative Investment Market on the five business days immediately preceding the date of each purchase. The company may either cancel any shares which it purchases under this authority or transfer them into treasury, and subsequently sell or transfer them out of treasury or cancel them. The maximum number of shares and the permitted price range are stated in order to comply with statutory and Stock Exchange requirements and should not be taken as representative of the number of shares (if any) which may be purchased, or the terms of such a purchase.

The authority will lapse on the date of the Annual General Meeting of the company in 2016. However, in order to maintain the Board's flexibility of action it is envisaged that it will be renewed at future Annual General Meetings.

CORPORATE GOVERNANCE

As a company whose shares are traded on the Alternative Investment Market of the London Stock Exchange Plc, the company is not required to comply with the Principles of Good Governance and Code of Best Practice ("The UK Corporate Governance Code", or the "Code"). However, the Board considers the Quoted Companies Alliance's "Corporate Governance Guidelines for Smaller Quoted Companies" (the QCA Guidelines) relevant due to the size and complexity of the company. The QCA Guidelines apply key elements from the Code and other relevant guidance to the needs of small and mid-size quoted companies for which the Code may not be entirely or directly relevant.

The directors consider that the company applies the principles of best practice with the exception of the matters listed below.

- There are no independent Board members.
- The Board does not have an independent audit committee.

The directors believe that the exceptions, which are more fully explained in the sections relating to the Board constitution and the directors' remuneration report, are appropriate for the size and context of the Group's business.

STATEMENT ON THE PROVISION OF INFORMATION TO AUDITORS

Each of the directors confirms that, as far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps he ought to have as a director to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information. The above is in accordance with the provisions of section 418 of the Companies Act 2006. The auditors have direct access to all members of the Board and attend and present their reports at appropriate Board meetings. The Board considers, at least annually, the relationships and fees in place with the auditors to confirm their independence is maintained.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the next Annual General Meeting.

GOING CONCERN

The directors confirm that they are satisfied that the Group and company have adequate resources, with £19.2m cash and £9.4m short-term deposits, to continue in business for the foreseeable future, and for this reason, they continue to adopt the going concern basis in preparing the accounts.

By order of the Board



C Muncaster

Director

9 October 2015

Registered Office:

Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

Company Registration Number: 317886

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 prepared the Group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the affairs of the Group and the company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board



C Muncaster
Director

9 October 2015

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report to the shareholders, taking into account sections 420 to 422 of the Companies Act 2006 and AIM Rule 19. The Board has delegated the responsibility for the executive directors' remuneration to the remuneration committee. The scope of their responsibilities includes the executive directors' service contracts, salaries and other benefits, which comprise their terms and conditions of employment.

REMUNERATION COMMITTEE

The current members of the remuneration committee are the non-executive directors P D Mason (Chairman of the committee) and I A Thorpe. The committee has met as and when required during the financial year. No member of the committee has any personal financial interest in the matters to be decided other than as shareholders. There are no conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The committee has access to market data when considering the remuneration of the executive directors.

REMUNERATION POLICY – EXECUTIVE DIRECTORS

The aim of the committee is to ensure that the executive directors are fairly rewarded for their responsibilities and contribution to the performance of the Group. The committee seeks to achieve this with a combination of performance and non-performance related remuneration designed to attract, retain and motivate the directors.

In establishing the salaries of the directors, the committee takes into account the responsibilities and performance of the individual together with data from comparable organisations and indicative trends for the business and its economic sector.

The remuneration package consists of the following elements.

1. Basic salary, benefits in kind and other benefits. The salary is determined in August each year, unless there has been a change in responsibilities, where an adjustment will be made at the same time. The benefits in kind mainly consist of the provision of a car and health insurance. A director may choose to take a cash allowance instead of a car. Other benefits consist of pension arrangements and life assurance.
2. Annual bonus. The bonus is made up of two elements. The first element relates to the operating profit of the business unit for which the director has specific performance responsibilities. The second element relates to the operating profit of the Group as a whole. The bonuses are paid in September and relate to the period ending on 30 June in the same year.

REMUNERATION POLICY – NON-EXECUTIVE DIRECTORS

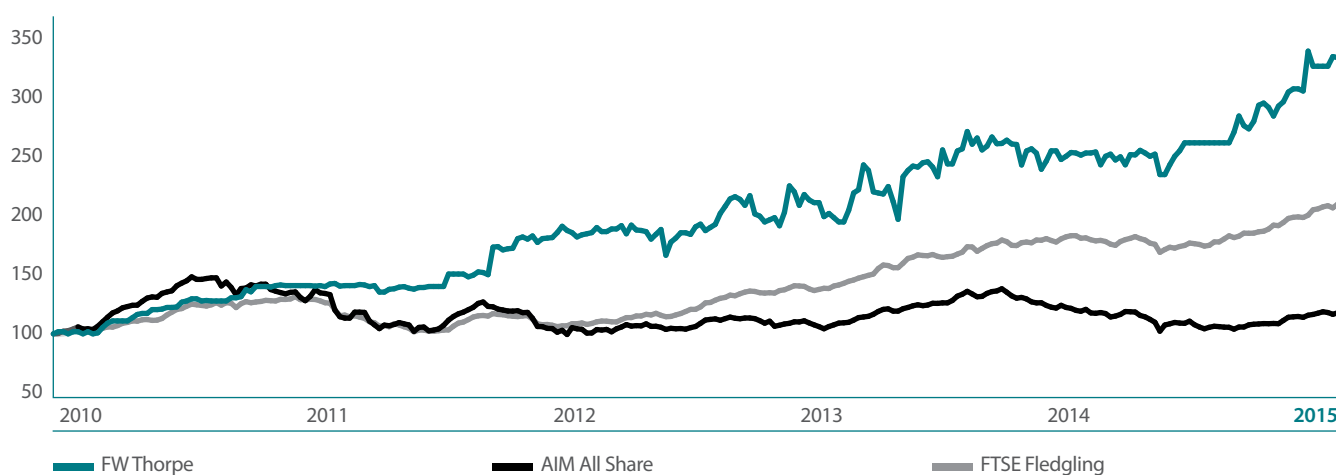
The Board as a whole determines the remuneration of the non-executive directors. The Board takes into account the contribution made and the relative time spent on the company's affairs. The non-executive directors do not receive bonuses. Their benefits in kind consist of the provision of health insurance.

DIRECTORS' SERVICE CONTRACTS

A B Thorpe and M Allcock have service contracts terminable on two years' notice. A M Cooper, C Muncaster and D Taylor have service contracts terminable on one year's notice. P D Mason, C M Brangwin and I A Thorpe do not have formal service contracts with the company.

PERFORMANCE GRAPH

The graph below shows the comparative data for the FTSE AIM share index and the FTSE Fledgling share index, rebased to 100, as these are considered to be the most appropriate comparative indices for the company's business.



DIRECTORS' REMUNERATION REPORT

CONTINUED

DIRECTORS' EMOLUMENTS (AUDITED)

	2015 Salary/fees £'000	2015 Bonus £'000	2015 Benefits £'000	2015 Total £'000	2014 Total £'000
Executive directors					
A B Thorpe	208	135	27	370	336
M Allcock	208	135	16	359	330
D Taylor	103	53	16	172	156
A M Cooper	115	80	11	206	184
C Muncaster	125	88	12	225	189
Non-executive directors					
C M Brangwin	26	–	11	37	36
I A Thorpe	26	–	14	40	39
P D Mason	26	–	4	30	29
Total emoluments	837	491	111	1,439	1,299

The directors' emoluments exclude contributions to the pension scheme.

DIRECTORS' PENSION ARRANGEMENTS

M Allcock, A M Cooper and D Taylor are members of the defined contribution section of the FW Thorpe Retirement Benefits Scheme. M Allcock and D Taylor have a final salary guarantee as they were previously members of the defined benefit section. C Muncaster has a personal pension to which the company contributes.

C M Brangwin, I A Thorpe, A B Thorpe and P D Mason are retired members of the defined benefit section.

The FW Thorpe Retirement Benefits Scheme is a funded, Inland Revenue approved occupational pension scheme. The scheme is divided into two sections – a defined benefit scheme and a defined contribution scheme. The defined benefit section was closed to new members on 1 October 1995.

The defined benefit section aims to provide a maximum pension of two-thirds of pensionable salary at normal retirement date. M Allcock's and D Taylor's pensionable salary includes an average of the previous three years' profit bonus. Defined contribution members contribute up to 5% of basic salary and the company contributes up to 9.5%.

All the executive directors are covered by life assurance benefit of four times pensionable salary. In addition, the defined benefit scheme members are entitled to a spouse's pension on death.

The following directors, excluding those classified as pensioners, had accrued entitlements under the defined benefit section of the pension scheme.

	Age at year end	Normal pension age	Value of accrued pension at 30 June 2015 £pa	Director's contributions during the year £	Change in value of accrued pension since 30 June 2014 £pa
M Allcock	47	65	88,229	14,917	15,320
D Taylor	53	65	56,539	6,823	6,144

The following table shows the contributions paid by the company in respect of those directors participating in the defined contribution section of the pension scheme.

	2015 £'000	2014 £'000
A M Cooper	10,767	8,665

C Muncaster has a personal pension which is not part of the company scheme, and the following contributions have been made during the year.

	2015 £'000	2014 £'000
C Muncaster	10,983	8,665

DIRECTORS' SHAREHOLDINGS

The directors listed below were in office during the year. Directors' interests in the share capital of the company at 30 June 2015 and 1 July 2014 were as follows:

	Ordinary shares of 1p Beneficial	
	2015	2014
Executive directors		
A B Thorpe	27,602,700	27,899,840
M Allcock	114,000	114,000
D Taylor	55,913	55,913
A M Cooper	84,000	84,000
C Muncaster	–	–
Non-executive directors		
C M Brangwin	7,731,530	7,731,550
I A Thorpe	25,047,120	25,047,120
P D Mason	1,626,370	1,626,370

In addition, C M Brangwin has a joint non-beneficial interest in 1,700,000 shares (2014: 1,700,000 shares).

On 5 August 2014 the beneficial holding of A B Thorpe decreased by 297,140 to 27,602,700.

The market price of the company's shares at the beginning and end of the financial year was 131.5p and 175p respectively and the range of market prices during the year was from 124p to 176.5p.

EXECUTIVE SHARE OWNERSHIP PLAN (ESOP)

Share options were granted during the year, under the company's ESOP, to the company's executive directors and certain directors of subsidiary companies. The plan allows the vesting of options subject to the achievement of performance targets, being annual growth of pre-tax Earnings Per Shares in excess of RPI plus 3% over a five-year period. The options that were granted to the executive directors are detailed in the table below:

	A B Thorpe	M Allcock	D Taylor	A M Cooper	C Muncaster
Date Granted	24 October 2014	24 October 2014	24 October 2014	24 October 2014	24 October 2014
Share Options	200,000	200,000	200,000	200,000	200,000
Exercise price (p)	124	124	124	124	124

There have been no other changes in the interests of the directors in the share capital of any company in the Group during the period 1 July 2015 to 9 October 2015.

Approved by the Board and signed on its behalf by:



C Muncaster

Director

9 October 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FW THORPE PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- FW Thorpe Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the company's affairs as at 30 June 2015 and of the Group's profit and the Group's and the company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the 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.

What we have audited

The financial statements comprise:

- the Consolidated and Company Balance Sheets as at 30 June 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

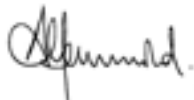
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Hammond (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

9 October 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Notes	2015 £'000	Restated 2014 £'000
Continuing operations			
Revenue	2	73,544	61,352
Cost of sales		(41,314)	(34,321)
Gross profit			
Distribution costs		(6,181)	(5,052)
Administrative expenses		(12,331)	(10,227)
Operating profit			
Finance income	7	727	763
Share of (loss)/profit of joint ventures	34	(50)	37
Profit before income tax			
Income tax expense	8	(2,691)	(2,233)
Profit for the year from continuing operations			
Loss for the year from discontinued operations*		(253)	(130)
Profit for the year			
		11,451	10,189

The restatement for 2014 is to take account of the discontinued operations of Sugg Lighting Limited.

* Loss for the year from discontinued operations in 2015 is made up of the trading loss, loss on disposal of assets and profit on the sale of building.

Earnings per share from continuing operations attributable to the equity holders of the company during the year (expressed in pence per share).

	Notes	2015 pence	Restated 2014 pence	
Basic and diluted earnings per share				
- Basic	Continuing operations	24	10.12	8.83
- Diluted	Continuing operations	24	10.11	8.83
- Basic	Discontinued operations	24	(0.22)	(0.11)
- Diluted	Discontinued operations	24	(0.22)	(0.11)
- Basic	Total	24	9.90	8.72
- Diluted	Total	24	9.89	8.72

The notes on pages 42 to 75 form part of these financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement.

The profit for the company for the year was £11,118,000 (2014 : £9,995,000).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Profit for the year:		11,451	10,189
Other comprehensive income/(expenses)			
Items that may be reclassified to profit or loss			
Revaluation of available-for-sale financial assets			
– Arising in year	15	(152)	276
– Reclassified in year		–	–
Exchange differences on translation of foreign operations			
– Arising in year		(21)	(2)
– Reclassified in year		–	–
Taxation	23	30	72
		(143)	346
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain on pension scheme	32	(247)	624
Movement on unrecognised pension scheme surplus	32	18	(1,216)
		(229)	(592)
Other comprehensive expense for the year, net of tax		(372)	(246)
Total comprehensive income for the year attributable to equity shareholders		11,079	9,943

The notes on pages 42 to 75 form part of these financial statements.

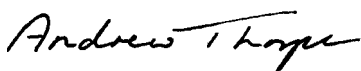
CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2015

	Notes	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Assets					
Non-current assets					
Property, plant and equipment	11	13,834	13,088	7,848	12,301
Intangible assets	10	14,349	6,722	3,558	3,418
Investment in subsidiaries	33	–	–	13,682	4,140
Investment property	14	2,171	2,135	7,027	2,135
Loans and receivables	29	4,760	1,340	4,760	1,340
Investment in joint ventures	34	–	57	–	141
Available-for-sale financial assets	15	3,018	3,441	3,018	3,441
Deferred tax assets	23	17	36	–	–
		38,149	26,819	39,893	26,916
Current assets					
Inventories	18	17,762	14,404	11,817	11,684
Trade and other receivables	19	19,698	14,882	18,169	15,103
Other financial assets at fair value through profit or loss	20	389	388	389	388
Short-term financial assets	16	9,358	15,638	9,358	15,638
Cash and cash equivalents	17	19,176	17,911	18,868	17,896
Total current assets		66,383	63,223	58,601	60,709
Total assets		104,532	90,042	98,494	87,625
Liabilities					
Current liabilities					
Trade and other payables	21	(14,656)	(11,012)	(12,062)	(11,179)
Current income tax liabilities		(2,051)	(718)	(1,515)	(638)
Total current liabilities		(16,707)	(11,730)	(13,577)	(11,817)
Net current assets		49,676	51,493	45,024	48,892
Non-current liabilities					
Retirement benefit deficit	32	–	–	–	–
Other payables	21	(3,838)	–	(3,838)	–
Provisions for liabilities and charges	22	(102)	(102)	(102)	(102)
Deferred income tax liabilities	23	(1,021)	(923)	(835)	(842)
Total liabilities		(21,668)	(12,755)	(18,352)	(12,761)
Net assets		82,864	77,287	80,142	74,864
Equity					
Share capital	25	1,189	1,189	1,189	1,189
Share premium account	26	656	656	656	656
Capital redemption reserve	26	137	137	137	137
Retained earnings		80,882	75,305	78,160	72,882
Total equity		82,864	77,287	80,142	74,864

The notes on pages 42 to 75 form part of these financial statements.

The financial statements on pages 36 to 75 were approved by the Board on 9 October 2015 and signed on its behalf by



A B Thorpe



C Muncaster

Company Registration Number: 317886

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2013		1,189	656	137	70,558	72,540
Comprehensive income						
Profit for the year to 30 June 2014		–	–	–	10,189	10,189
Actuarial gain on pension scheme	32	–	–	–	624	624
Movement on unrecognised pension scheme surplus	32	–	–	–	(1,216)	(1,216)
Revaluation of available-for-sale financial assets	15	–	–	–	276	276
Movement on associated deferred tax	23	–	–	–	(47)	(47)
Impact of deferred tax rate change	23	–	–	–	119	119
Exchange rate movement on joint venture	34	–	–	–	(2)	(2)
Total comprehensive income		–	–	–	9,943	9,943
Transactions with owners						
Dividends paid to shareholders	9	–	–	–	(3,568)	(3,568)
Purchase of shares		–	–	–	(1,628)	(1,628)
Total transactions with owners		–	–	–	(5,196)	(5,196)
Balance at 30 June 2014		1,189	656	137	75,305	77,287
Comprehensive income						
Profit for the year to 30 June 2015		–	–	–	11,451	11,451
Actuarial loss on pension scheme	32	–	–	–	(247)	(247)
Movement on unrecognised pension scheme surplus	32	–	–	–	18	18
Revaluation of available-for-sale financial assets	15	–	–	–	(152)	(152)
Movement on associated deferred tax	23	–	–	–	30	30
Exchange differences on translation of foreign operations		–	–	–	(21)	(21)
Total comprehensive income		–	–	–	11,079	11,079
Transactions with owners						
Dividends paid to shareholders	9	–	–	–	(5,552)	(5,552)
Share based payment charge	6	–	–	–	50	50
Total transactions with owners		–	–	–	(5,502)	(5,502)
Balance at 30 June 2015		1,189	656	137	80,882	82,864

The notes on pages 42 to 75 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2013		1,189	656	137	68,347	70,329
Comprehensive income						
Profit for the year to 30 June 2014		–	–	–	9,995	9,995
Actuarial gain on pension scheme	32	–	–	–	624	624
Movement on unrecognised pension scheme surplus	32	–	–	–	(1,216)	(1,216)
Revaluation of available-for-sale financial assets	15	–	–	–	276	276
Movement on associated deferred tax	23	–	–	–	(47)	(47)
Impact of deferred tax rate change	23	–	–	–	112	112
Exchange rate movement on joint venture	34	–	–	–	(13)	(13)
Total comprehensive income					9,731	9,731
Transactions with owners						
Dividends paid to shareholders	9	–	–	–	(3,568)	(3,568)
Purchase of shares		–	–	–	(1,628)	(1,628)
Total transactions with owners					(5,196)	(5,196)
Balance at 30 June 2014		1,189	656	137	72,882	74,864
Comprehensive income						
Profit for the year to 30 June 2015		–	–	–	11,118	11,118
Actuarial loss on pension scheme	32	–	–	–	(247)	(247)
Movement on unrecognised pension scheme surplus	32	–	–	–	18	18
Revaluation of available-for-sale financial assets	15	–	–	–	(152)	(152)
Movement on associated deferred tax	23	–	–	–	30	30
Currency translation differences		–	–	–	13	13
Total comprehensive income					10,780	10,780
Transactions with owners						
Dividends paid to shareholders	9	–	–	–	(5,552)	(5,552)
Share based payment charge	6	–	–	–	50	50
Total transactions with owners					(5,502)	(5,502)
Balance at 30 June 2015		1,189	656	137	78,160	80,142

The notes on pages 42 to 75 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 30 June 2015

	Notes	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash flows from operating activities					
Cash generated from operations	27	13,315	10,762	10,894	9,031
Tax paid		(1,280)	(2,009)	(1,254)	(2,099)
Net cash generated from operating activities		12,035	8,753	9,640	6,932
Cash flows from investing activities					
Purchases of property, plant and equipment		(3,271)	(2,087)	(1,409)	(1,632)
Proceeds from sale of property, plant and equipment		167	153	139	114
Purchase of intangibles		(1,621)	(1,473)	(1,418)	(1,324)
Purchase of subsidiary (net of cash acquired)	30	(6,392)	(390)	(8,700)	(390)
Disposal of subsidiary		(561)	–	(327)	–
Purchase of investment property		(36)	(33)	(1,340)	(33)
Purchase of available-for-sale financial assets		(100)	(707)	(100)	(707)
Sale of available-for-sale financial assets		371	–	371	–
Property rental and similar income		154	157	409	378
Dividend income		149	169	1,414	1,184
Net sale of deposits		6,280	4,510	6,280	4,510
Interest received		301	365	304	372
Receipt of loan notes		1,261	450	1,261	450
Net cash (used in)/generated from investing activities		(3,298)	1,114	(3,116)	2,922
Cash flows from financing activities					
Repayment of borrowings	30	(1,920)	–	–	–
Dividends paid to company's shareholders	9	(5,552)	(3,568)	(5,552)	(3,568)
Purchase of own shares		–	(1,628)	–	(1,628)
Net cash used in financing activities		(7,472)	(5,196)	(5,552)	(5,196)
Net Increase in cash in the year		1,265	4,671	972	4,658
Cash and cash equivalents at beginning of year	17	17,911	13,240	17,896	13,238
Cash and cash equivalents at end of year	17	19,176	17,911	18,868	17,896

The notes on pages 42 to 75 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements and company financial statements (the "financial statements") are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

FW Thorpe Plc is incorporated in England and Wales. The company is domiciled in the UK. The company is a public limited company which is listed on the Alternative Investment Market. The address of its registered office is Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH.

Basis of preparation

The consolidated financial statements of FW Thorpe Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through the profit and loss.

The company and Group has adopted all IAS and IFRS adopted in the EU except for IAS 34, as AIM-listed companies are not required to adopt IAS 34. The company and Group has not early adopted any other standards or interpretations not yet endorsed by the EU.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 January 2015 or later periods. These new pronouncements are listed below:

- Amendment to IAS 1, "Presentation of financial statements on the disclosure initiative" (effective 1 January 2016)
- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exemption (effective 1 January 2016)
- Amendment to IFRS 10 and IAS 28 on sale or contribution of assets (effective 1 January 2016)
- Amendments to IAS 27, "Separate financial statements" on the equity method (effective 1 January 2016)
- Amendments to IAS 16, "Property, plant and equipment", and IAS 41, "Agriculture", regarding bearer plants (effective 1 January 2016)
- Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets", on depreciation and amortisation (effective 1 January 2016)
- Amendments to IFRS 11 "Joint Arrangements" on acquisition of an interest in a joint operation" (effective 1 January 2016)
- Annual improvements 2014 (effective 1 January 2016)
- IFRS 14, "Regulatory deferral accounts" (effective 1 January 2016)
- IFRS 15 "Revenue from contracts with customers" (effective 1 January 2017)
- IFRS 9 "Financial Instruments" (effective 1 January 2018)

The directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods, although it is anticipated that the impact will be immaterial.

The company has adopted the following new and amended standards as of 1 July 2014.

- Amendments to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendments to IAS 36 "Impairment of asset on recoverable amount disclosures" (effective 1 January 2014)
- Amendments to IAS 39 "Financial instruments: Recognition and measurement" (effective 1 January 2014)
- Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 and IAS 27 for investment entities (effective date 1 January 2014)

The adoption of these accounting standards did not have a material impact on the company's financial statements.

1 ACCOUNTING POLICIES CONTINUED

The preparation of financial information in conformity with the basis of preparation described above requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's and Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in the critical accounting estimates and judgements section.

Basis of consolidation

The financial statements for FW Thorpe Plc incorporate the financial statements of the company and its subsidiary undertakings. A subsidiary is a company controlled directly by the Group and all the subsidiaries are wholly-owned by the Group. The Group achieves control over the subsidiaries by being able to influence financial and operating policies so as to obtain benefits from their activities.

Intra-group transactions, balances, income and expenses are eliminated in preparing consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed on a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Joint ventures

Joint ventures are all entities over which the Group exercised joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The Group discloses its share of the result of the joint venture on the face of the income statement. The Group also discloses its share of the net assets on the face of the balance sheet.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture and that unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of an investment in a joint venture is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication that the investment may be impaired.

Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is subsequently recognised based upon the goods and services provided, when these goods have been delivered to the customer or the service performed, excluding VAT and trade discounts.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Interest on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

1 ACCOUNTING POLICIES CONTINUED

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is identified as the Group Board.

The Group is organised into eight operating segments based on the products and customer base in the lighting market. The largest businesses, on an on going basis, are Thorlux and Lightronics Participaties B.V. The six remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, comprising the entities Compact Lighting Limited, Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited and Thorlux Lighting LLC.

Pension costs

The Group operates a hybrid defined benefit and defined contribution pension scheme. The basis of the Group's hybrid pension scheme provides benefits to members based upon the following:

- Service before 1 October 1995, benefits provided are defined benefit in nature (the "pure" defined benefit element);
- Service after 1 October 1995, has two elements;
- For members joining pre-1 October 1995, benefits provided are the maximum of their defined contribution pension and their defined benefit pension (the "defined benefit underpin" element);
- For members joining post-1 October 1995, benefits provided are defined contribution in nature (the "pure defined contribution" element).

The contributions of all three elements are paid into one pension scheme, where the contributions and assets are segregated and ring-fenced from each other. The assets of the scheme are invested and managed independently of the finances of the Group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain at a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions cost are spread evenly through the income over the remaining service lives of current employees. Contributions made to the defined benefit scheme are charged to the income statement in the period in which they are made.

The liability or surplus recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In the defined benefit underpin element of the scheme the liabilities reflect the greater of the defined contribution or defined benefit liabilities.

For the defined benefit underpin element of the scheme each member is tested to see whether the pension on a defined contribution or defined benefit basis is higher. The liabilities shown in the pensions note are based on the greater of the two liabilities for each member, which in almost all cases is the defined benefit liability. For the service cost, again tests are performed to see which is the higher for each member out of the company's share of the defined contribution payments or the company's share of accruing benefits on a defined benefit basis. The higher of these two figures for each member is then used to give the total service cost; again the defined benefit cost is the higher for the vast majority of members.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans and pure defined contribution elements, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the income statement as they fall due, or as an accrued or prepaid expense. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit surplus is only recognised if it meets the following criteria; if the Group has an unconditional right to a refund; or if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled. If the criteria are not met then a defined benefit surplus is not recognised.

1 ACCOUNTING POLICIES CONTINUED

Foreign currencies

Transactions in foreign currency are converted to sterling using the exchange rate applicable to the date of the transaction. Foreign currency gains and losses resulting from the settlement of foreign currency transactions at a different time are recognised in the income statement. Currency exchange differences arising from holding monetary assets or liabilities in a foreign currency are fair valued at the balance sheet date in accordance with prevailing exchange rates and resulting gains or losses are recognised in the income statement.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution

Final dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

Interim dividends are recognised as a liability in the Group's financial statements when approved by the directors.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes the original purchase price together with the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight-line basis to write down the cost less estimated residual value of all plant and equipment assets by equal instalments over their expected useful life. The rates generally applicable are:

Freehold land	Nil
Buildings	2%–10%
Plant and equipment	10%–33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Assets are reviewed for impairment where there is an indication that the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Leases

Operating leases, and payments made under them are charged to the income statement on a straight-line basis over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

1 ACCOUNTING POLICIES CONTINUED

Intangible assets

Development costs

The Group undertakes development activities on an ongoing basis. Part of these costs relate to projects where the benefit is received in the short term (less than one year) and part relates to longer term projects where the benefit is expected to be received for several years to come. Costs associated with the shorter term activities are expensed as and when they are incurred. Costs associated with the longer term projects are capitalised as an intangible asset and amortised over the expected life of the benefit, generally at 33.33% per annum, commencing when the asset is available for use within the business. Development assets are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The economic success for development activities is uncertain and carrying amounts are reviewed at each balance sheet date for impairment in accordance with IAS 36.

Development assets are valued at cost less accumulated amortisation and any impairment losses.

Fishing rights

Fishing rights are stated at cost less accumulated impairment where applicable. The rights are not amortised, but assessed annually for impairment.

Goodwill

Goodwill is stated at cost less accumulated impairment where applicable. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Software costs

Software costs are stated at cost less accumulated amortisation and impairment where applicable. Amortisation is calculated on a straight-line basis to write down the cost less estimated residual value over its useful life. The amortisation rates are between 20% and 50% per annum.

Patent costs

Patents are stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write down the cost less estimated residual value over its useful life. The amortisation rate is 20%.

Other intangible assets

An intangible asset acquired in a business combination is recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Intangible assets principally relate to brand names and technology which were valued discounting estimated future net cash flow from the asset. The cost of intangible assets is amortised through the income statement on a straight-line basis over their estimated economic life.

1 ACCOUNTING POLICIES CONTINUED

Investment properties

Investment properties are recognised at cost, and then subsequently cost less accumulated depreciation and (if applicable) any accumulated impairment losses. Freehold land is not depreciated.

After a review, land and buildings not occupied by the company have been reclassified, in the company accounts, from property, plant and equipment to investment property. The review determined this classification better reflects the nature of the properties.

Investments in subsidiaries and joint ventures

Investments in subsidiaries are held at cost less impairment. Cost includes directly attributable costs of investment. The Group has applied the equity method of accounting to recognise the interest in the joint venture.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made against the cost of slow-moving, obsolete and other stock lines based on their net realisable value.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, the amount of the loss is recognised in the income statement within "distribution costs". When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "distribution costs" in the income statement.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading and are measured at their fair values.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Short-term financial assets

Short-term financial assets are defined as cash term deposits with banks with an original term of three months and over.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, on demand deposits and short-term deposits with banks with an original term less than three months.

Current asset investments

Current asset investments are valued at fair value. Changes in fair value are recognised in the income statement.

Available-for-sale financial assets

The fair value of quoted investments is based on current bid prices. Changes to fair value are recognised in the statement of comprehensive income.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

1 ACCOUNTING POLICIES CONTINUED

Provisions

Provisions are recognised in the balance sheet when a group company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when land is contaminated.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The Group recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates and the rate of increase in pension payments. In making these assumptions the Group takes advice from an independent qualified actuary about which assumptions best reflect the nature of the Group's obligations to employee retirement benefits. These assumptions are regularly reviewed by our actuaries Capita Employee Benefits Ltd to ensure their appropriateness.

Warranty

The Group makes provisions for the warranty provided with the terms and conditions of sale to the customer based on past experience together with specific provisions for known issues. There are quality control procedures in place to ensure that products reaching customers are of a high standard. The technical support areas record all warranty issues in order that problems can be identified that may affect a wider customer base. Additionally, product failures are tested thoroughly to examine technical failures and strategies are developed to minimise and correct issues arising from that examination. The Group works closely with its suppliers to ensure a low failure rate for components.

Intangible assets

IFRS 3 requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates. Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement and balance sheet.

Goodwill is not amortised but is tested annually for impairment. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective.

Development costs

The Group undertakes development activities and the commercial viability of these activities are assessed on a continual basis. The Group makes assumptions about the future value of the work based on past experience of similar development projects and the feedback from the marketplace about future expectations for technological development. The Group seeks to minimise the risk of product development failure by engaging with others to overcome technological difficulties and by regularly assessing the expectation of the market.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk and security price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures.

1 ACCOUNTING POLICIES CONTINUED

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar, UK Pound, Australian Dollar and Arab Emirate Dirham. Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency as well as bank account balances, trade and other receivables as well as trade and other payables denominated in currencies other than sterling. The Group has carried out an exercise to evaluate the effect of a movement of 1% in each currency other than sterling, and the results are not significant. The risk is managed by maintaining relatively low currency balances and selling or buying currency when required.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

The Group has investments in UK listed securities of other entities and these are publicly traded on the London Stock Exchange. The nature of the list of investments held means the investments can go up and down in value.

(iii) Commodity price risk

The Group has an exposure to the risk of commodity price changes, in particular, metals. The Group seeks to minimise the risk by agreeing prices with major suppliers in advance.

(iv) Interest rate risk

The Group is exposed to interest rate risk because it has cash investments and short-term financial assets which are mostly interest-bearing. The effect of a reduction in interest rates is to reduce financial income. There are no borrowings and the Group has no exposure to the risk of increased interest cost other than pension scheme interest cost.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum Fitch rating of F1 are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents together with short-term financial assets (note 16) on the basis of expected cash flow. All external current liabilities are expected to mature within four months.

Capital risk management

The Group's policy has been to maintain a strong capital basis in order to maintain investor, customer, creditor and market confidence. This sustains future development of the business, safeguarding the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. From time to time the Group purchases its own shares in the market; the timing of these purchases is dependent on market prices, to ensure such transactions are sufficiently beneficial for the company, its earnings per share and returns to investors. The Group continues to seek to maintain the balance of these returns, while strengthening the reserves and equity position of the company, via continued profitability and structured growth.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

1 ACCOUNTING POLICIES CONTINUED

The Group has a long-standing policy not to utilise debt within the business, providing a robust capital structure even within the toughest economic conditions. The Group's significant cash resources allow such a position, but also require close management, to ensure that sufficient returns are being generated from these resources. The Group's policy with regard to the cash resources are to ensure they generate sufficient returns, whether by investment in business activities, such as plant and equipment, or assessing suitable opportunities to grow the business, or the physical investment of these funds to ensure appropriate returns to investors.

The Group is able to maintain its current capital structure because there are no externally imposed capital requirements, and there were no changes in the Group's approach to capital management during the year.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Fair value estimation

Financial instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

- i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2).
- iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Other assets and liabilities

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Share capital

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Share based payments

Senior executives of the Group receive remuneration in the form of share based payments. The fair value of the shares or share options granted is recognised over the vesting period to reflect the value of the employee services received. The charge relating to grants to employees of the company is recognised as an expense in the profit and loss account.

The fair value of options granted, excluding the impact of any non-market vesting conditions, is calculated using established option pricing models. The probability of meeting non-market vesting conditions, which include profitability targets, is used to estimate the number of share options which are likely to vest.

2 SEGMENTAL ANALYSIS

(a) Business segments

The segmental analysis is presented on the same basis as that used for internal reporting purposes. For internal reporting FW Thorpe is organised into eight operating segments based on the products and customer base in the lighting market – the largest business is Thorlux, which manufactures professional lighting systems for industrial, commercial and controls markets. The newly acquired Lightronics business will be the next largest. The six remaining operating segments have been aggregated into the “other companies” reportable segment based upon their size, comprising the entities Compact Lighting Limited, Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited and Thorlux Lighting LLC.

FW Thorpe’s chief operating decision-maker (CODM) is the Group Board. The Group Board reviews the Group’s internal reporting in order to monitor and assess performance of the operating segments for the purpose of making decisions about resources to be allocated. Performance is evaluated based on a combination of revenue and operating profit. Assets and liabilities have not been segmented, which is consistent with the Group’s internal reporting.

	Thorlux £'000	Lightronics £'000	Other companies £'000	Inter- segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2015					
Revenue to external customers	54,192	3,275	16,077	–	73,544
Revenue to other group companies	2,329	–	1,781	(4,110)	–
Total revenue	56,521	3,275	17,858	(4,110)	73,544
Operating profit	11,267	481	1,944	26	13,718
Net finance income					727
Share of loss of joint venture					(50)
Profit before income tax					14,395
Year to 30 June 2014 (restated)					
Revenue to external customers	49,657	–	11,695	–	61,352
Revenue to other group companies	650	–	1,146	(1,796)	–
Total revenue	50,307	–	12,841	(1,796)	61,352
Operating profit	10,593	–	961	198	11,752
Net finance income (restated)					763
Share of profit of joint venture					37
Profit before income tax					12,552

Inter segment adjustments to operating profit consist of property rentals on premises owned by FW Thorpe Plc, adjustments to profit related to stocks held within the Group that were supplied by another segment and adjustments to investment provisions relating to group companies.

(b) Geographical analysis

The Group’s business segments operate in three main areas, the UK, the rest of Europe and the rest of the world.

The home country of the company, which is also the main operating company, is the UK.

The Group’s revenue is generated mainly within the UK.

	2015 £'000	Restated 2014 £'000
UK	61,317	53,769
Europe	10,138	5,319
Other countries	2,089	2,264
	73,544	61,352

The vast majority of assets and capital expenditure are in the UK, and cannot be split geographically in relation to the Group’s revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

3 GROUP OPERATING PROFIT

	2015 £'000	2014 £'000
Group operating profit is stated after charging/(crediting):		
Profit on sale of property, plant and equipment	(102)	(75)
Rental income from investment property	(118)	(120)
Depreciation of property, plant and equipment (note 11):		
– owned assets	1,300	1,269
Operating lease rentals:		
– plant and machinery	149	54
– other	207	134
Intangible amortisation/impairment (note 10)	1,484	1,439
Foreign exchange losses recognised in income statement	234	96

Services provided by the company's auditors

During the year, the Group obtained the following services from the company's audit and its auditors:

	2015 £'000	2014 £'000
Group		
Fees payable to company's auditors for the audit of the company and consolidated financial statements	49	46
Fee payable to the company's auditor and its associates for other services:		
– the audit of company's subsidiaries pursuant to legislation	90	50
– taxation advisory services	5	43
	144	139

It is the Group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties where their expertise and experience with the Group are important.

4 OTHER GAINS – NET

Other financial assets at fair value through profit or loss (note 20).

	2015 £'000	2014 £'000
Fair value gains	1	–

Other financial assets at fair value consist of units in a sterling cash fund.

5 EMPLOYEE INFORMATION

The average monthly number of employees employed by the Group (including executive directors) during the year is analysed below:

	2015 Number	2014 Number
Production	258	247
Sales and distribution	119	112
Administration	170	155
Total average headcount	547	514

Employment costs of all employees (including executive directors).

	2015 £'000	2014 £'000
Wages and salaries	18,794	15,652
Social security costs	1,912	1,732
Other pension costs	941	681
	21,647	18,065

Other pension costs include contributions to the pension scheme and other employer's pension related charges comprising life assurance of £73,000 (2014: £73,000), pension administration and professional charges of £95,000 (2014: £81,000), a pension paid to a former director, contributions to Sugg Lighting Limited group personal pension plan and private pension schemes amounting to £77,000 (2014: £83,000).

Contributions to the defined contribution section amounted to £276,000 (2014: £251,000).

From April 2014 the Group introduced an auto enrolment pension scheme, administered independently of the FW Thorpe pension schemes. Contributions to the auto enrolment scheme amounted to £202,000 (2014: £48,000).

Directors' emoluments

	2015 £'000	2014 £'000
Aggregate emoluments	1,439	1,299
Contributions to money purchase pension schemes	22	9
	1,461	1,308

Highest paid director

	2015 £'000	2014 £'000
Total of emoluments and amounts receivable	370	336

In addition the highest paid director is a pensioner of the retirement benefits scheme with an annual pension of £134,000 (2014: £131,000).

At 30 June 2015 retirement benefits were accruing to M Allcock and D Taylor (2014: M Allcock and D Taylor) under the defined benefit scheme and to A M Cooper (2014: A M Cooper) under the defined contribution scheme.

Further details are provided in the directors' remuneration report on pages 31 to 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

6 SHARE BASED PAYMENT CHARGE

During the year the Group established a share based remuneration scheme, created to motivate and retain those employees responsible for the continued success of the Group.

The Executive Share Ownership Plan (ESOP) allows for the vesting of options subject to the achievement of performance targets, being annual growth of pre-tax Earnings per Share in excess of RPI plus 3% over a five-year period.

Rather than issue new shares, the company will utilise shares that are already held in treasury to satisfy options.

Under IFRS 2, an expense is recognised in the income statement for share based payments, calculated on the fair value at the date of grant. The application of IFRS 2 gave rise to a charge of £50,000 (2014: £nil) for the period.

At 30 June 2015, there were no options exercisable (2014: nil) under the ESOP.

a) Details of changes in the number of awards outstanding during the year are set out below;

	Options	Exercise price (p/s)
Outstanding at 1 July 2014	–	–
Granted during the year	1,700,000	124
Exercised during the year	–	–
Forfeited during the year	–	–
Lapsed during the year	–	–
Outstanding at 30 June 2015	1,700,000	124

The weighted average contractual life of the share based payments outstanding at the end of the year is 9.3 years.

b) Fair value calculations

The fair value of the share options granted during the year were calculated using the methods, principle assumptions and data set out below:

Method used	Black-Scholes
Date of grant	24 October 2014
Share price at date of grant (p/s)	124
Exercise price (p/s)	124
Expected option life (years)	3 – 7
Vesting period (years)	3 – 7
Expected volatility	23% – 28%
Expected dividend yield	3.02%
Risk free rate	1.06% – 1.90%
Fair value per share (p/s)	18.61 – 21.07

Expected volatility was determined by calculating the annualised standard deviation over the daily changes in the share price, and measured against historical share price movements over the number of years vesting period prior to the grant of the options.

Cash-settled share based payment charge

Arising from the acquisition of Lightronics Participaties B.V., the Group entered into a cash-settled share based payment arrangement with certain employees of Lightronics Participaties B.V. Under this arrangement, the Group is committed to purchase the 14.92% of the share capital held by these employees, between the third and sixth anniversaries of the acquisition, calculated by a pre-determined earnings multiple used to value the initial investment.

Under IFRS 2, an expense is recognised in the income statement for share based payments, calculated on the fair value at the date of grant. The application of IFRS 2 gave rise to a charge of £26,000 (2014: £nil) for the period. The total liability at 30 June 2015 was £26,000 (2014: £nil).

The fair value of the share based payment was calculated by estimating the additional payment due to the relevant employees, assuming an earnings growth of 3% per annum, and using the pre-determined earnings multiple.

7 FINANCE INCOME

	2015 £'000	Restated 2014 £'000
Finance income		
Current assets		
Interest receivable	358	375
Non-current assets		
Fair value adjustment on loans	65	62
Dividend income on available-for-sale financial assets	149	169
Net rental income	155	157
	727	763

8 INCOME TAX EXPENSE

Analysis of income tax expense in the year:

	2015 £'000	Restated 2014 £'000
Current tax		
Current tax on profits for the year	2,807	2,162
Adjustments in respect of prior years	(184)	25
Total current tax	2,623	2,187
Deferred tax (note 23)		
Origination and reversal of temporary differences	68	46
Total deferred tax	68	46
Income tax expense	2,691	2,233

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015 £'000	Restated 2014 £'000
Profit before income tax	14,395	12,552
Profit on ordinary activities multiplied by the standard rate in the UK of 20.75% (2014: 22.5%)	2,987	2,824
Effects of:		
Expenses not deductible for tax purposes	72	12
Accelerated tax allowances and other timing differences	(181)	(445)
Adjustments in respect of prior years	(184)	25
Foreign profit taxed at higher rate	21	–
Profits taxed at small companies rate	–	(2)
Other	(24)	(181)
Tax charge	2,691	2,233

The weighted average applicable tax rate was 18.7% (2014: 17.8%).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Group's profit for this accounting year is taxed at an effective rate of 20.75%. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by £93,000 and decrease the tax expense for the period by £10,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

9 DIVIDENDS

Dividends paid during the year are outlined in the tables below:

Dividends paid (pence per share)	2015	2014
Final dividend	2.20	2.00
Special dividend	1.50	–
Interim dividend	1.10	1.05
Total	4.80	3.05

A final dividend in respect of the year ended 30 June 2015 of 2.55p per share, amounting to £2,950,000 is to be proposed at the Annual General Meeting on 12 November 2015. These financial statements do not reflect the dividend payable.

Dividends proposed (pence per share)	2015	2014
Final dividend	2.55	2.20
Special dividend	–	1.50

Dividends paid	2015	2014
	£'000	£'000
Final dividend	2,545	2,340
Special dividend	1,735	–
Interim dividend	1,272	1,228
Total	5,552	3,568

Dividends proposed	2015	2014
	£'000	£'000
Final dividend	2,950	2,545
Special dividend	–	1,735

10 INTANGIBLE ASSETS

Group 2015	Goodwill	Development costs	Technology	Brand name	Software	Patents	Fishing rights	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 July 2014	3,503	4,961	311	174	907	150	182	10,188
Additions	–	1,542	–	–	60	–	–	1,602
Acquisition of a subsidiary (note 30)	5,560	122	1,272	483	72	–	–	7,509
Write-offs	–	(828)	–	–	–	–	–	(828)
At 30 June 2015	9,063	5,797	1,583	657	1,039	150	182	18,471
Accumulated amortisation								
At 1 July 2014	600	1,491	311	174	800	90	–	3,466
Charge for the year	–	1,284	45	24	101	30	–	1,484
Write-offs	–	(828)	–	–	–	–	–	(828)
At 30 June 2015	600	1,947	356	198	901	120	–	4,122
Net book amount								
At 30 June 2015	8,463	3,850	1,227	459	138	30	182	14,349

Write-offs relate to development assets where no further economic benefits will be obtained.

10 INTANGIBLE ASSETS CONTINUED

Group 2014	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost								
At 1 July 2013	3,503	4,364	311	174	860	150	182	9,544
Additions	–	1,428	–	–	47	–	–	1,475
Write-offs	–	(831)	–	–	–	–	–	(831)
At 30 June 2014	3,503	4,961	311	174	907	150	182	10,188
Accumulated amortisation								
At 1 July 2013	600	1,282	124	116	676	60	–	2,858
Charge for the year	–	1,040	62	58	124	30	–	1,314
Impairment	–	–	125	–	–	–	–	125
Write-offs	–	(831)	–	–	–	–	–	(831)
At 30 June 2014	600	1,491	311	174	800	90	–	3,466
Net book amount								
At 30 June 2014	2,903	3,470	–	–	107	60	182	6,722

Amortisation and impairment of £1,484,000 (2014: £1,439,000) is included in the administrative expenses.

The Group tests intangible assets annually for impairment, or more frequently if there are indications of impairment. A discounted cash flow analysis is computed to compare the discounted estimated future operating cash flows to the net carrying value of the goodwill and other intangible assets for each operating segment or business as appropriate.

The tests are based on the following assumptions:

- Cash flows for the 12 months are based upon the Group's annual budget;
- Cash flows beyond the budget period, typically up to five years, are based on the annual budget cash flows with a growth rate of 2%;
- The estimated cash flows are discounted using a pre-tax discounted rate based upon the Group's estimated weighted average cost of capital of 10%.

Any impairment identified as a result of the analysis are expensed to the income statement. The test is dependent on management estimates and judgements, in particular in relation to the forecasting of future cash flows, and the discount rate applied to these cash flows.

The Group performed various sensitivity analyses which involved reducing future cash flows by up to 25%, reducing terminal growth rates by up to five percentage points, or increasing pre-tax discount rates by up to 100 bps. The results of these analyses showed that, despite significantly lower post-tax operating cash flows, or increased pre-tax discount rates, the carrying value of goodwill and other intangible assets continued to exceed their value in use.

Company 2015	Goodwill £'000	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost						
At 1 July 2014	600	4,415	751	150	182	6,098
Additions	–	1,348	52	–	–	1,400
Write-offs	–	(740)	–	–	–	(740)
At 30 June 2015	600	5,023	803	150	182	6,758
Accumulated amortisation						
At 1 July 2014	600	1,342	648	90	–	2,680
Charge for the year	–	1,135	95	30	–	1,260
Write-offs	–	(740)	–	–	–	(740)
At 30 June 2015	600	1,737	743	120	–	3,200
Net book amount						
At 30 June 2015	–	3,286	60	30	182	3,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

10 INTANGIBLE ASSETS CONTINUED

Company 2014	Goodwill £'000	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost						
At 1 July 2013	600	3,891	706	150	182	5,529
Additions	–	1,281	45	–	–	1,326
Write-offs	–	(757)	–	–	–	(757)
At 30 June 2014	600	4,415	751	150	182	6,098
Accumulated amortisation						
At 1 July 2013	600	1,164	529	60	–	2,353
Charge for the year	–	935	119	30	–	1,084
Write-offs	–	(757)	–	–	–	(757)
At 30 June 2014	600	1,342	648	90	–	2,680
Net book amount						
At 30 June 2014	–	3,073	103	60	182	3,418

For development costs, the Group capitalises employee costs and directly attributable material costs necessary to design, construct and test new and improved product ranges and technology. These costs are only capitalised where they meet all the criteria set out in IAS 38.

Where development costs relate to products or technologies that are not expected to generate future economic benefits, do not meet the requirements of IAS 38 or relate to research, they are charged to the income statement.

11 PROPERTY, PLANT AND EQUIPMENT

	Group			Company		
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost						
At 1 July 2014	10,910	15,979	26,889	10,910	12,649	23,559
Additions	1,438	1,760	3,198	50	1,285	1,335
Acquisition of a subsidiary (note 31)	–	100	100	–	–	–
Transfer to investment property	–	–	–	(5,557)	–	(5,557)
Disposals	(1,269)	(1,254)	(2,523)	–	(385)	(385)
At 30 June 2015	11,079	16,585	27,664	5,403	13,549	18,952
Accumulated depreciation						
At 1 July 2014	2,306	11,495	13,801	2,306	8,952	11,258
Charge for the year	203	1,097	1,300	98	849	947
Transfer to investment property	–	–	–	(786)	–	(786)
Disposals	(151)	(1,120)	(1,271)	–	(315)	(315)
At 30 June 2015	2,358	11,472	13,830	1,618	9,486	11,104
Net book amount						
At 30 June 2015	8,721	5,113	13,834	3,785	4,063	7,848

Freehold land which was not depreciated at 30 June 2015 amounted to £1,033,000 (2014: £947,000) (Group and company).

Land and buildings owned by the company, but used by subsidiary companies has been reclassified to investment property

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Group			Company		
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost						
At 1 July 2013	10,491	14,711	25,202	10,491	11,761	22,252
Additions	419	1,636	2,055	419	1,181	1,600
Disposals	–	(368)	(368)	–	(293)	(293)
At 30 June 2014	10,910	15,979	26,889	10,910	12,649	23,559
Accumulated depreciation						
At 1 July 2013	2,113	10,709	12,822	2,113	8,355	10,468
Charge for the year	193	1,076	1,269	193	830	1,023
Disposals	–	(290)	(290)	–	(233)	(233)
At 30 June 2014	2,306	11,495	13,801	2,306	8,952	11,258
Net book amount						
At 30 June 2014	8,604	4,484	13,088	8,604	3,697	12,301

12 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Property, plant and equipment	427	1,267	408	1,267

(b) Operating lease commitments

The Group leases premises under non-cancellable operating lease agreements. The lease terms are between one and four years (2014: five and twenty years), and the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	Land and buildings 2015 £'000	Land and buildings 2014 £'000	Land and buildings 2015 £'000	Land and buildings 2014 £'000
Within one year	200	110	18	21
Within two to five years	399	198	2	24
Over five years	–	–	–	–
	599	308	20	45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

13 FINANCIAL INSTRUMENTS BY CATEGORY

All financial instruments measured at fair value are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques, except for £3,407,000 (2014: £3,829,000) of fixed rate listed investments included in available-for-sale and other financial assets at fair value through profit or loss that are classified as level 1. The valuation techniques for level 2 instruments use observable market data where it is available, for example quoted market prices, and rely less on estimates.

The accounting policies for financial instruments have been applied to the line items below:

Group	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2015				
Assets as per balance sheet				
Loans and other receivables	4,760	–	–	4,760
Available-for-sale financial assets	–	3,018	–	3,018
Other financial assets at fair value through profit or loss	–	–	389	389
Trade and other receivables	18,586	–	–	18,586
Short-term financial assets	9,358	–	–	9,358
Cash and cash equivalents	19,176	–	–	19,176
Total	51,880	3,018	389	55,287

Group	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2014				
Assets as per balance sheet				
Loans and other receivables	1,340	–	–	1,340
Available-for-sale financial assets	–	3,441	–	3,441
Other financial assets at fair value through profit or loss	–	–	388	388
Trade and other receivables	14,145	–	–	14,145
Short-term financial assets	15,638	–	–	15,638
Cash and cash equivalents	17,911	–	–	17,911
Total	49,034	3,441	388	52,863

Company	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2015				
Assets as per balance sheet				
Loans and other receivables	4,760	–	–	4,760
Available-for-sale financial assets	–	3,018	–	3,018
Other financial assets at fair value through profit or loss	–	–	389	389
Trade and other receivables	17,644	–	–	17,644
Short-term financial assets	9,358	–	–	9,358
Cash and cash equivalents	18,868	–	–	18,868
Total	50,630	3,018	389	54,037

13 FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

Company	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2014				
Assets as per balance sheet				
Loans and other receivables	1,340	–	–	1,340
Available-for-sale financial assets	–	3,441	–	3,441
Other financial assets at fair value through profit or loss	–	–	388	388
Trade and other receivables	14,587	–	–	14,587
Short-term financial assets	15,638	–	–	15,638
Cash and cash equivalents	17,896	–	–	17,896
Total	49,461	3,441	388	53,290

The above analysis excludes prepayments.

Liabilities as per balance sheet	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade and other payables (excluding statutory liabilities)	12,721	9,551	10,670	10,041
	12,721	9,551	10,670	10,041

Financial liabilities are measured at amortised cost.

The Group and company did not have derivative financial instruments at 30 June 2015 or 30 June 2014.

All assets and liabilities above are considered to be at fair value.

14 INVESTMENT PROPERTY

	Group			Company		
	Freehold land and buildings £'000	Other £'000	Total £'000	Freehold land and buildings £'000	Other £'000	Total £'000
Cost						
At 1 July 2014	1,009	1,126	2,135	1,009	1,126	2,135
Transfer from land and buildings	–	–	–	5,557	–	5,557
Additions	–	36	36	1,304	36	1,340
Disposals	–	–	–	(1,269)	–	(1,269)
At 30 June 2015	1,009	1,162	2,171	6,601	1,162	7,763
Accumulated depreciation						
At 1 July 2014	–	–	–	–	–	–
Transfer from land and buildings	–	–	–	786	–	786
Charge for the year	–	–	–	101	–	101
Disposals	–	–	–	(151)	–	(151)
At 30 June 2015	–	–	–	736	–	736
Net book amount						
At 30 June 2015	1,009	1,162	2,171	5,865	1,162	7,027
At 30 June 2014	1,009	1,126	2,135	1,009	1,126	2,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

14 INVESTMENT PROPERTY CONTINUED

The following amounts have been recognised in the income statement:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Rental income	118	120	373	120
Direct operating expenses arising from investment properties that generate rental income	(18)	(15)	(105)	(15)

The investment property and land, for the Group, consists of property held for investment purposes, a property with land and fishing rights by the River Wye, and land designated for woodland in Monmouthshire.

Investment property of £1,288,000 (2014: £1,288,000) is freehold land and therefore not depreciated; the property element includes accumulated depreciation of £269,000 (2014: £269,000) which relates to the property occupied by Mackwell Electronics Ltd up to the date of disposal of this business. No further depreciation has been charged. The associated fishing rights for the property by the River Wye are included in intangible assets.

A fair value exercise was undertaken in August 2014 of the land by the River Wye and the land in Monmouthshire which has resulted in a valuation of £1.5m, which is greater than the carrying value of those specific investment properties.

The company's investment properties consist of land and buildings used by subsidiaries in their normal course of business. The company receives rental income from the subsidiaries for the use of these premises and incurs amortisation costs. These properties have been reclassified from land and buildings during the year.

Each investment property generates rental income.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and company	2015	2014
Beginning of year	3,441	2,458
Net (disposals)/additions	(271)	707
Revaluation	(152)	276
End of year	3,018	3,441

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

There were no impairment provisions on available-for-sale financial assets in 2015 or 2014.

Available-for-sale financial assets comprise listed equity in the UK, and are almost entirely denominated in UK Pounds.

None of these assets is either past due or impaired.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Consolidated Income Statement. Impairment losses recognised in the Consolidated Income Statement on equity instruments are not reversed through the Consolidated Income Statement.

16 SHORT-TERM FINANCIAL ASSETS

Group and company	2015 £'000	2014 £'000
Beginning of year	15,638	20,148
Net disposals	(6,280)	(4,510)
End of year	9,358	15,638

The short-term financial assets consist of term cash deposits in sterling with an original term in excess of three months.

The banks where the deposits are held are rated "A" by Fitch, with a specific rating of "F1" for short-term funds.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash at bank and on hand	19,176	17,911	18,868	17,896

The banks where the funds are held are rated "A" by Fitch, with a specific rating of "F1" for short-term funds.

18 INVENTORIES

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Raw materials	10,914	7,644	5,588	5,244
Work in progress	3,363	2,894	2,726	2,702
Finished goods	3,485	3,866	3,503	3,738
	17,762	14,404	11,817	11,684

The cost of inventories recognised as an expense and included in cost of sales amounted to £30,111,000 (2014: £25,027,000).

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current				
Trade receivables	18,181	13,556	11,924	10,395
Other receivables	405	589	403	588
Prepayments and accrued income	1,112	737	525	516
Amounts owed by subsidiaries	–	–	5,317	3,604
	19,698	14,882	18,169	15,103

Amounts owed by subsidiaries are unsecured, interest free and have no fixed date for repayment.

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade receivables past due date not provided	1,873	717	582	169

A significant proportion of the amounts past due date were settled shortly after the end of the financial year, and taken together with the credit insurance policy and good credit history, the directors consider that there is no impairment and the trade receivables are therefore stated at their fair value, which equals their book value.

Provisions are made for bad debts when an undisputed debt is three months past due date or earlier if an adverse event occurs. A significant proportion of the trade receivables are insured. The policy covers 90% of the debt in the event of a claim for default. The bad debt provision includes the remaining 10% of the default in the event of a potential claim. No bad debt provision is made in respect of trade receivables from Government departments or agencies. At 30 June 2015 the bad debt provision for the Group amounted to £69,000 (2014: £27,000) and for the company £11,000 (2014: £3,000).

During the year the following amounts were written off:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bad debts written off	33	19	9	–
Bad debts recovered	(6)	(32)	(3)	(8)
Net bad debt expense	27	(13)	6	(8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

19 TRADE AND OTHER RECEIVABLES CONTINUED

At 30 June 2015, trade receivables were due to the Group and company in the following currency denominations.

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Due in £ Sterling	13,892	12,551	10,430	9,400
Due in € Euro	3,561	594	1,008	584
Due in UAE Dirham	242	–	–	–
Due in Australian Dollars	486	411	486	411
Total trade receivables	18,181	13,556	11,924	10,395

The other assets within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group and company have units in a sterling cash fund. At 30 June 2015 this amounted to £389,000 (2014: £388,000).

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current liabilities				
Trade payables	8,840	6,647	5,347	4,928
Social security and other taxes	1,934	1,461	1,392	1,138
Other payables	844	1,959	642	1,868
Accruals and deferred income	3,038	945	1,936	526
Amounts owed to subsidiaries	–	–	2,745	2,719
	14,656	11,012	12,062	11,179
Non-current liabilities				
Other payables	3,838	–	3,838	–
	3,838	–	3,838	–

Amounts owed to subsidiaries are unsecured, interest free and have no fixed date of repayment. Non-current liabilities is a commitment to purchase the outstanding share appreciation rights in the newly acquired subsidiary, Lightronics Participaties B.V.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
WEEE provision	102	102	102	102
Total	102	102	102	102
Analysis of total provisions:	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Non-current	102	102	102	102
Total	102	102	102	102

22 PROVISIONS FOR LIABILITIES AND CHARGES CONTINUED

WEEE provision

A potential liability exists for the future cost of disposal of products under the WEEE legislation for a transitional period between the adoption of the WEEE legislation in the European Union in August 2005 and the effective date in the UK of 1 July 2007.

From 1 July 2007 the Group has followed Regulation 9 of the legislation and amended the terms of sale to its customers so that the customer is responsible for the actual costs of WEEE at the time of disposal.

Although the time scale of the utilisation of this provision cannot be predicted with certainty, it is expected that it will not be utilised before 30 June 2016.

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Deferred tax assets	17	36	–	–
Deferred tax liabilities	(1,021)	(923)	(835)	(842)
Net deferred tax liabilities	(1,004)	(887)	(835)	(842)

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Beginning of year	(887)	(912)	(842)	(862)
Income statement charge	(68)	(47)	(23)	(45)
Tax credited directly to equity	30	72	30	65
Discontinued operation	(7)	–	–	–
Acquired due to purchase of subsidiary	(72)	–	–	–
End of year	(1,004)	(887)	(835)	(842)

The movement in group deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
Deferred tax assets				
At 1 July 2013	32	–	–	32
Credited to the income statement	4	–	–	4
Charged directly to equity	–	–	–	–
At 1 July 2014	36	–	–	36
Credited to the income statement	(12)	–	–	(12)
Discontinued operation	(7)	–	–	(7)
Charged directly to equity	–	–	–	–
At 30 June 2015	17	–	–	17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

23 DEFERRED INCOME TAX CONTINUED

Deferred tax liabilities	Accelerated tax depreciation £'000	Fair value gains and losses £'000	Research & development £'000	Total £'000
At 1 July 2013	112	123	709	944
Charged/(credited) to the income statement	(31)	5	77	51
Charged/(credited) directly to equity	(11)	31	(92)	(72)
At 1 July 2014	70	159	694	923
Charged to the income statement	22	–	34	56
Credited directly to equity	–	(30)	–	(30)
Acquired due to purchase of subsidiary	72	–	–	72
At 30 June 2015	164	129	728	1,021

The deferred income tax credited/(charged) to equity during the year is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Tax on revaluation of available-for-sale assets	30	(47)	30	(47)
Impact of deferred tax rate change	–	119	–	112
	30	72	30	65

24 EARNINGS PER SHARE

Basic and diluted earnings per share for profit attributable to equity holders of the company

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Basic	2015	Restated 2014
Weighted average number of ordinary shares in issue	115,675,590	116,792,165
Profit attributable to equity holders of the company (£'000)	11,451	10,189
Basic earnings per share (pence per share) continuing operations	10.12	8.83
Basic earnings per share (pence per share) discontinued operations	(0.22)	(0.11)
Basic earnings per share (pence per share)	9.90	8.72

Diluted	2015	Restated 2014
Weighted average number of ordinary shares in issue (fully diluted)	115,706,334	116,792,165
Profit attributable to equity holders of the company (£'000)	11,451	10,189
Diluted earnings per share (pence per share) continuing operations	10.11	8.83
Diluted earnings per share (pence per share) discontinued operations	(0.22)	(0.11)
Diluted earnings per share (pence per share)	9.89	8.72

25 SHARE CAPITAL

	Group and company	
	2015 £'000	2014 £'000
Allotted and fully paid		
118,935,590 ordinary shares of 1p each (2014: 118,935,590 ordinary shares of 1p each)	1,189	1,189

The ordinary shareholders each have one vote per share.

	Group and company	
	2015 £'000	2014 £'000
Movements in treasury shares included in share capital		
Shares held in treasury at 1 July	33	20
Purchases	–	13
Share capital at 30 June	33	33
Number of shares held in treasury at 30 June	3,260,000	3,260,000

There were no shares issued during the year (2014: nil). There are 1,700,000 (2014: nil) share options outstanding at the year end.

26 OTHER RESERVES

Group and company	Share premium account £'000	Capital redemption reserves £'000
At 30 June 2014 and 30 June 2015	656	137

27 CASH GENERATED FROM OPERATIONS

	Group		Company	
	2015 £'000	Restated 2014 £'000	2015 £'000	2014 £'000
Cash generated from continuing operations				
Profit before income tax	14,395	12,552	13,272	12,140
Depreciation charge	1,288	1,255	1,049	1,023
Amortisation/impairment of intangibles	1,484	1,439	1,260	1,084
Profit on disposal of property, plant and equipment	(104)	(70)	(88)	(54)
Loss on disposal of a subsidiary	–	–	391	–
Finance income	(727)	(763)	(2,563)	(1,996)
Retirement benefit contributions in excess of current and past service charge	(229)	(403)	(229)	(403)
Share of loss/(profit) from joint venture	50	(37)	141	–
Adjustment for share based payments	76	–	76	–
Effects of exchange rate movements	(28)	–	1	–
Changes in working capital				
– Inventories	(1,707)	(2,481)	(133)	(1,587)
– Trade and other receivables	(3,659)	(2,640)	(3,574)	(3,510)
– Trade and other payables	2,215	1,881	1,291	2,334
Cash generated from continuing operations	13,054	10,733	10,894	9,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

27 CASH GENERATED FROM OPERATIONS CONTINUED

The cash generation from discontinued operations is as follows:

Cash generated from discontinued operations	2015	2014
	£'000	£'000
Loss before income tax	(233)	(129)
Depreciation charge	12	14
Profit on disposal of property, plant and equipment	–	(5)
Finance income – net	7	10
Changes in working capital		
– Inventories	84	19
– Trade and other receivables	189	(143)
– Trade and other payables	202	263
Cash generated from discontinued operations	261	29
	2015	2014
	£'000	£'000
Total cash generated from operations		
Continuing operations	13,054	10,733
Discontinued operations	261	29
Total cash generated from operations	13,315	10,762

28 RELATED PARTY TRANSACTIONS

The following amounts relate to transactions between the company and its subsidiaries:

	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Dividends paid to company £'000
2015				
Compact Lighting Limited	135	74	4	–
Philip Payne Limited	507	52	1	500
Sugg Lighting Limited	–	8	11	–
Solite Europe Limited	386	351	7	15
Portland Lighting Limited	–	–	2	750
TRT Lighting Limited	753	1,683	19	–
Thorlux Lighting LLC	–	159	–	–
	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Dividends paid to company £'000
2014				
Compact Lighting Limited	34	30	4	–
Philip Payne Limited	405	43	1	500
Sugg Lighting Limited	–	21	18	–
Solite Europe Limited	148	136	2	15
Portland Lighting Limited	2	–	–	500
TRT Lighting Limited	555	420	19	–

28 RELATED PARTY TRANSACTIONS CONTINUED

Balances due to and from the company by related entities were as follows:

	Amounts due to related party at 30 June		Amounts due from related party at 30 June	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Compact Lighting Limited	(32)	(1)	1,645	1,977
Philip Payne Limited	(981)	(1,114)	–	15
Sugg Lighting Limited	–	–	–	4,324
Solite Europe Limited	(146)	(124)	68	40
Portland Lighting Limited	(1,533)	(1,420)	–	–
TRT Lighting Limited	(53)	(60)	3,104	1,532
Thorlux Lighting LLC	–	–	500	–
Total	(2,745)	(2,719)	5,317	7,888

Trading balances arise from transactions of goods and services carried out under normal commercial terms.

Cash resources are managed centrally by the company and result in balances owed to and from the company when cash is transferred.

The key management personnel are the Group Board directors; their interests are disclosed in the directors' remuneration report on pages 31 to 33. There are 6 employees who are related parties (2014: 4). Total remuneration for the period was £218,000 (2014: £180,000).

Mackwell Electronics Limited is a related party because there is a connection between a director of the company C M Brangwin and N A Brangwin who is a director of Mackwell Electronics Limited. During the year the company sold goods to Mackwell amounting to £3,000 (2014: £5,000), purchased goods amounting to £2,152,000 (2014: £2,385,000), and sold services of £nil (2013: £nil). At the year end there were trade balances due to Mackwell Electronics Limited of £332,000 (2014: £238,000) and £1,000 due from Mackwell Electronics Limited (2014: £2,000). The company is owed £950,000 (2014: £1,450,000) in respect of the loan notes issued to the company as part of the sale agreement (note 29), plus accrued interest of £51,000 (2014: £29,000) at the balance sheet date. The company owns the premises occupied by Mackwell Electronics Limited and rent is charged of £102,000 per annum (2014: £102,000). The rent is comparable to commercial rents for similar buildings in the area.

N A Brangwin is a related party because there is a connection between a director of the company C M Brangwin and N A Brangwin. The company is owed £300,000 in respect of a loan made to N A Brangwin at the same time as the sale of Mackwell Electronics. The loan is secured with shares in FW Thorpe with a current value in excess of the loan amount. At 30 June 2015 there was accrued interest due to the company of £7,000 (2014: £3,000).

29 LOAN NOTES

Following the disposal of Mackwell Electronics Limited on 2 December 2011 the Group acquired loan notes of £2,000,000 as part of the consideration.

The loan notes are repayable on 2 December 2016 and attract two different rates of interest; £1,625,000 at 1% over the Bank of England base rate and £375,000 at 4% over the Bank of England base rate.

A repayment of £500,000 was received during the year, which has reduced the balance due at 1% over the Bank of England base rate to £950,000 (2014: £1,450,000). The balance due at the higher interest rate of 4% above the Bank of England base rate is £nil (2014: £nil).

The outstanding loan note tranche at 1% over the Bank of England base rate of £950,000 has been subject to a fair value adjustment in respect to the interest rate. The carrying value has been adjusted to reflect a commercial interest rate of 4.2% over the Bank of England base rate, which is considered to be a rate that Mackwell Electronics Limited would incur in the external market. The fair value of that tranche of loan notes is considered to be £905,000.

Following the disposal of Sugg Lighting Limited on 6 February 2015 the Group acquired loan notes of £1,634,000 secured on the freehold property. As at 30 June 2015, the outstanding value of these loan notes was £1,588,336. Further details of these loan notes are provided in note 31.

Part of the acquisition of Lightronics Participaties B.V. included providing loans notes of €4,200,000 of which €1,000,000 were repaid immediately after the completion of the acquisition. At the date of the financial statements, the loan notes balance was €3,200,000 equating to £2,267,000 at the end of year exchange rate. Further details of these loan notes are provided in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

30 ACQUISITION OF SUBSIDIARY

On 1 April 2015 the Group acquired 100% of the share capital of Lightronics Participaties B.V. with share appreciation rights granted for 35% of the share capital with a fixed commitment to be determined between the third and sixth year anniversaries of the acquisition calculated by a pre-determined earnings multiple used to value the initial investment.

An assessment has been made on the future increase in value of the 35% share appreciation rights. £3,838,000 is included as contingent consideration and disclosed in Other payables in the Consolidated Financial Position. This includes £3,000,000 based on the initial valuation and £838,000 based on the estimated increase in future value.

As part of the transaction, the 35% held by existing shareholders and management has been partially funded by FW Thorpe by the issue of a loan. At the date of the financial statements, the loan notes balance was €3,200,000 equating to £2,267,000 at the end of year exchange rate. The loan notes are repayable on or before the sixth anniversary (1 April 2021) and attract an interest rate of 4%.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below.

	£'000
Cash	386
Intangible assets	1,949
Property, plant and equipment	100
Inventories	1,855
Trade and other receivables	1,439
Borrowings	(1,920)
Trade and other payables	(1,747)
Total identifiable assets	2,062
Goodwill	5,560
Total purchase consideration	7,622
Total purchase consideration satisfied by:	
Cash	6,778
Contingent consideration	844
Total consideration	7,622
Net cash outflow arising on acquisition	
Cash consideration	6,778
Less cash in subsidiary acquired	(386)
Cash outflow on acquisition	6,392

A fair value exercise has been performed on the assets and liabilities, the results were that property, plant and equipment, trade and other receivables and trade and other payables were assessed and book value was considered fair value. Inventories were also assessed and a reduction of £262,000 applied to reflect slow moving stock lines.

Fair value of intangible assets was assessed and determined on the basis of the technology and brand name acquired. Both the technology and brand name elements were determined using an industry typical royalty rate over a seven and five-year period respectively, discounted to the present day.

The goodwill relates to the ongoing level of profitability of the business model, opportunity to sell existing Group products into the Dutch market and potential sourcing benefits for other Group companies.

The Borrowings of £1,920,000 were fully repaid on 1 April 2015 post-acquisition.

Lightronics Participaties B.V. contributed £3,275,000 in revenue, and £481,000 to the Group's operating profit for the period between the date of acquisition and the balance sheet date. On an annualised basis based on the 2014/15 accounting period, revenue would have been £10,900,000 and an operating profit of £1,200,000.

31 DISPOSAL OF SUBSIDIARY

Discontinued operations

On 6 February 2015, the Group disposed of Sugg Lighting Limited. The losses up to the date of disposal were:

	Period ended 6 February 2015 £'000	Year ended 30 June 2014 £'000
Revenue	984	1,595
Expenses	(1,217)	(1,724)
Loss before tax expense	(233)	(129)
Attributable tax expense	99	(1)
Loss on disposal of discontinued operations	(119)	–
Loss attributable to discontinued operations – (attributable to owners of the company)	(253)	(130)

During the year Sugg Lighting Limited, contributed £261,000 (2014: £29,000) to the Group's net operating cash flows.

A loss of £119,000 arose on the disposal of Sugg Lighting Limited, being the proceeds of disposal less the associated costs and the carrying amount of the subsidiary's net assets and attributable goodwill.

Disposal of subsidiary

On 6 February 2015 the Group disposed of its interest in Sugg Lighting Limited. The net assets of Sugg Lighting Limited were £288,000 at the date of disposal.

The loss on disposal of £119,000 resulted from disposal of net assets of £288,000 less a gain of £169,000 from the disposal of the premises occupied by Sugg Lighting Limited.

The total consideration was satisfied by loan notes issued of £1,634,000.

Loan notes of £1,634,000 were issued by the company to Sugg Lighting Limited in order that Sugg Lighting Limited could purchase the freehold property they occupied.

The loan notes are secured on the freehold property and are repayable in monthly instalments to be fully repaid 10 years from drawdown on 6 February 2015. The interest rate applied to these loan notes is 3% over Bank of England base rate.

The impact of Sugg Lighting Limited on the Group's results in the current and prior periods is disclosed in the section relating to discontinued operations.

32 PENSION SCHEME

The Group operates a funded hybrid pension scheme for employees in the UK. The scheme is approved by the Inland Revenue under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. Membership is contracted in to the second state pension.

The basis of the Group's hybrid pension scheme is to provide benefits to members based on the following:

- For service prior to 1 October 1995, the benefits provided are defined benefit in nature.
- For service from 1 October 1995, the benefits provided have two elements depending on the date that the member joined the pension scheme.
- For members joining before 1 October 1995, benefits provided are the higher of their defined contribution pension and their defined benefit pension.
- For members joining on or after 1 October 1995, benefits provided are defined contribution in nature.

The contributions of the pure defined contribution, the defined benefit underpin and pure defined benefit elements are paid into one pension scheme, where the contributions and assets are segregated and ring-fenced from each other.

For the defined benefit underpin element of the scheme, each member is tested to see whether the pension on a defined contribution or defined benefit basis is higher. The liabilities shown in the pensions note are based on the greater of the two liabilities for each member, which in almost all cases is the defined benefit liability. For the service cost, again, tests are performed to see which is the higher for each member out of the company's share of the defined contribution payments or the company's share of accruing benefits on a defined benefit basis. The higher of these two figures for each member is then used to give the total service cost; again the defined benefit cost is the higher for the vast majority of members.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

32 PENSION SCHEME CONTINUED

The assets of the scheme are held separately from the assets of the Group, being invested in Managed Funds. Contributions by the Group to the scheme during the year ended 30 June 2015 amounted to £705,000 (2014: £818,000). Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the Project Unit Method.

The date of the most recent actuarial valuation was 1 July 2012, and at that date the value of the fund was £23,791,000. This was sufficient to cover 93% of the value of the benefits accrued to members after allowing for future increases in earnings. In arriving at the actuarial valuation, the following assumptions were adopted.

Price inflation	2.90%
Salary increases	4.65%
Discount rate	3.80%
Revaluation for deferred pensioners	2.40%

The figures at 1 July 2012 have been updated as at the balance sheet dates in order to assess the additional disclosures required under IAS 19 as at 30 June 2015 by an independent qualified actuary using the following major assumptions.

	2015	2014	2013	2012	2011
Price inflation	3.40%	3.50%	3.40%	2.80%	3.70%
Salary increases	3.40%	3.50%	3.50%	4.55%	5.45%
Discount rate	3.80%	4.30%	4.60%	4.40%	5.50%
Revaluation for deferred pensioners	2.40%	2.50%	2.50%	2.05%	2.95%
Pension increases in payment of 5% pa or RPI if less	3.30%	3.30%	3.30%	2.75%	3.55%
Pension increases in payment of 2.5% pa or RPI if less	2.20%	2.20%	2.25%	2.10%	2.35%
Life expectancy at age 65 – men	23.0 years	22.9 years	24.2 years	22.5 years	22.4 years
Life expectancy at age 65 in 20 years – men	24.4 years	24.3 years	26.2 years	24.4 years	24.4 years
Life expectancy at age 65 – women	24.9 years	24.8 years	26.6 years	24.9 years	24.8 years
Life expectancy at age 65 in 20 years – women	26.4 years	26.3 years	28.5 years	26.8 years	26.7 years

The balance sheet figures required under IAS 19 are as follows:

	30 June 2015		30 June 2014		30 June 2013		30 June 2012		30 June 2011	
	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000
Equities	n/a	13,696	n/a	12,796	n/a	11,829	6.20%	9,744	7.75%	11,166
Bonds	3.80%	16,486	4.30%	14,707	4.60%	13,267	4.40%	12,484	5.00%	10,982
Other	n/a	1,522	n/a	1,448	0.50%	1,545	0.50%	1,596	0.50%	1,328
Total market value of assets		31,704		28,951		26,641		23,824		23,476
Present value of scheme liabilities		(28,824)		(26,053)		(24,959)		(23,809)		(22,993)
Surplus in the scheme		2,880		2,898		1,682		15		483

The amounts recognised in the balance sheet are determined as follows:

	2015 £'000	2014 £'000
Present value of funded obligations	(28,824)	(26,053)
Fair value of plan assets	31,704	28,951
Surplus in the scheme	2,880	2,898
Less restriction of surplus recognised in the balance sheet	(2,880)	(2,898)
Liability recognised in the balance sheet	–	–

32 PENSION SCHEME CONTINUED

The movement in the defined benefit obligation over the year is as follows:

	2015 £'000	2014 £'000
At 1 July	(26,053)	(24,959)
Current service cost	(476)	(415)
Interest cost	(1,105)	(1,146)
Contributions by plan participants	(340)	(311)
Actuarial losses	(1,695)	(41)
Benefits paid	845	819
At 30 June	(28,824)	(26,053)

The movement in the fair value of the plan assets of the year is as follows:

	2015 £'000	2014 £'000
At 1 July	28,951	26,641
Expected return in plan assets	1,249	1,233
Actuarial gains	1,304	767
Employer contributions	705	818
Employee contributions	340	311
Benefits paid	(845)	(819)
At 30 June	31,704	28,951

The amounts recognised in the income statement are as follows:

	2015 £'000	2014 £'000
Current service cost	476	415
Net interest cost	–	–
Total included within staff costs and finance income	476	415

Of the total charge, £476,000 (2014: £415,000) and £nil (2014: £nil) were included in "administrative expenses" and "finance income" respectively.

Analysis of amount recognised in the statement of comprehensive income

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	1,304	767
Experience losses arising on the scheme liabilities	(142)	(99)
Changes in assumptions underlying the present value on the scheme liabilities	(1,553)	58
Movement in recovery plan liability	–	(189)
Net interest cost	144	87
Restriction of pension scheme surplus	18	(1,216)
Actuarial loss recognised in the statement of comprehensive income	(229)	(592)
	2015 £'000	2014 £'000
Cumulative actuarial loss recognised in the statement of comprehensive income at 1 July	(2,789)	(3,413)
Actuarial (loss)/gain recognised in the statement of comprehensive income for the year	(247)	624
Cumulative actuarial loss recognised in the statement of comprehensive income at 30 June	(3,036)	(2,789)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

32 PENSION SCHEME CONTINUED

The restriction in the scheme surplus is excluded from the cumulative actuarial gain recognised in the statement of comprehensive income. As a result of the most recent valuation, and in the light of the non-recognition of the pension scheme surplus, the recovery plan liability of £189,000 (2014: £189,000) is included in Other Payables.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The actual return on plan assets over the year ending 30 June 2015 was £2,553,000 (2014: £2,000,000) or 8.1% (2014: 6.9%).

The Group expect to pay £730,000 contributions (2014: £727,000) into the pension scheme during the forthcoming year.

History of experience gains and losses recognised in the statement of comprehensive income

	2015		2014		2013		2012		2011	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	1,304		767		1,061		193		1,335	
Percentage of scheme assets		4%		3%		4%		1%		6%
Experience (loss)/gain on scheme liabilities	(142)		(99)		(438)		227		(433)	
Percentage of the present value of scheme liabilities		0%		0%		2%		1%		2%
Changes in assumptions underlying the present value of scheme liabilities	(1,553)		58		191		(1,830)		152	
Percentage of the present value of scheme liabilities		5%		0%		1%		8%		0%
Movement in recovery plan liability	–		(189)		–		–		–	
Percentage of the present value of scheme liabilities		0%		1%		0%		0%		0%
Net interest income	144		87		47		–		–	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		0%
Restriction of pension scheme surplus	–		–		–		–		(483)	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		2%
Amount which has been recognised in the SoCI	(247)		624		861		(1,410)		571	
Percentage of the present value of the scheme liabilities		1%		2%		3%		6%		2%

33 GROUP COMPANIES

The parent company has the following investments as at 30 June 2015 and 30 June 2014:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by group and company
Compact Lighting Limited	England	Ordinary £1 shares	100%
Philip Payne Limited	England	Ordinary £1 shares	100%
Sugg Lighting Limited	England	Ordinary £1 shares	100% Disposed of on 6 February 2015
Solite Europe Limited	England	Ordinary £1 shares	100%
Portland Lighting Limited	England	Ordinary £1 shares	100%
TRT Lighting Limited	England	Ordinary £1 shares	100%
Lightronics Participaties B.V.	Netherlands	Ordinary €0.01 shares	100% Acquired on 1 April 2015
Lightronics B.V.	Netherlands	Ordinary €454 shares	100% Acquired on 1 April 2015
Lightronics GmbH	Germany	Ordinary €1 shares	100% Acquired on 1 April 2015

33 GROUP COMPANIES CONTINUED

The principal activities of these subsidiaries are:

Compact Lighting Limited	– design and manufacture of lighting solutions for retail applications
Philip Payne Limited	– design and manufacture of illuminated signs
Solite Europe Limited	– design and manufacture of cleanroom lighting equipment
Portland Lighting Limited	– design and manufacture of lighting for signs
TRT Lighting Limited	– design and manufacture of lighting for roads and tunnels
Sugg Lighting Limited	– design and manufacture of traditional architectural lighting
Lightronics Participaties B.V.	– holding company
Lightronics B.V.	– design and manufacture of external and impact resistant lighting
Lightronics GmbH	– design and manufacture of external and impact resistant lighting

The cost of investment in subsidiaries is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Investment in subsidiaries – cost	–	–	13,682	5,732
Less provisions	–	–	–	(1,592)
	–	–	13,682	4,140

The movement in the investment and provisions is as follows:

	Costs £'000	Provision £'000
At 1 July 2014	5,732	(1,592)
Acquisition of subsidiary	9,542	–
Disposal of subsidiary	(1,592)	1,592
At 30 June 2015	13,682	–

34 INVESTMENT IN JOINT VENTURES

The Group has a joint venture in Australia with its local agent. The venture is jointly controlled with equal voting rights with the Group holding a 51% interest. Thorlux Lighting Pty Ltd is registered in Queensland and operates from a sales office in Melbourne. The Group has applied the equity method of accounting to recognise this interest.

The Group has a joint venture in United Arab Emirates. Thorlux Lighting LLC is registered in United Arab Emirates and operates from a sales office in Abu Dhabi. The Group has applied the proportionate consolidation method of accounting to recognise this interest.

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 July	57	22	141	154
Share of (loss)/profit	(50)	37	–	–
Exchange rate movement	(7)	(2)	–	(13)
Impairment provision	–	–	(141)	–
At 30 June	–	57	–	141

35 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events between the balance sheet date and the approval of these financial statements.

NOTICE OF MEETING

Notice is hereby given that the seventy-ninth Annual General Meeting of FW Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH on 12 November 2015 at 3.15 pm to transact the following business:

Ordinary business

1. To receive and adopt the Annual Report and Accounts for the year ended 30 June 2015.
2. To declare a final dividend.
3. To re-elect Mr A B Thorpe as a director.
4. To re-elect Mr A M Cooper as a director.
5. To re-elect Mr C M Brangwin as a director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the company and to authorise the directors to fix the auditors' remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions which will be proposed in the case of 7 as an ordinary resolution and in the case of 8 as a special resolution.

7. That the directors' remuneration report (as set out on pages 31 to 33 of the Annual Report and Accounts) for the year ended 30 June 2015 be approved.
8. That the company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each of the company provided that:
 - (a) the maximum number of ordinary shares hereby authorised to be acquired is 11,893,559;
 - (b) the minimum price which may be paid for any such share is 1p;
 - (c) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the company as derived from the Alternative Investment Market for the five business days immediately preceding the day on which such share is contracted to be purchased;
 - (d) the authority hereby conferred shall expire on the date of the Annual General Meeting of the company in 2016; and
 - (e) the company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

Notes

1. Copies of the directors' service contracts will be available for inspection during usual business hours, at the registered office of the company on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the meeting and also at the meeting for at least 15 minutes prior to, and until the conclusion of, the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the company of the votes they may cast), members must be registered in the Register of Members of the company at 6.00 pm on 10 November 2015 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received not later than 3.15 pm on 10 November 2015 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, (www.euroclear.com) and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID RA19, by 3.15 pm on 10 November 2015 (or, in the case of an adjournment of the Annual General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities 2001 (as amended).

7. As at 9 October 2015 (being the last practicable day prior to the publication of this notice), the company's issued share capital consists of ordinary shares of 1p each, carrying one vote each. Excluding 3,260,000 shares held in treasury, the total voting rights in the company as at 9 October 2015 are 115,675,590.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

By order of the Board



C Muncaster

Director

Registered Office:
Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

9 October 2015

SHAREHOLDER NOTES

FINANCIAL CALENDAR

2015

16 October	Posting of the Annual Report and Accounts
12 November	Annual General Meeting
19 November	Payment of final dividend

2016

March	Announcement of interim results
April	Payment of interim dividend
September	Announcement of results for the year

FW Thorpe Plc

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Incorporating:
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Compact Lighting
Philip Payne
Solite Europe
Portland Lighting
TRT Lighting
Lightronics

