Financial Statements

Lumièrepark in Almere, the Netherlands

Consolidated Income Statement

For the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	2	**117,875**	113,342
Cost of sales		**(62,484)**	(63,351)
Gross profit		**55,391**	49,991
Distribution costs		**(13,598)**	(13,434)
Administrative expenses		**(22,855)**	(20,489)
Other operating income		**289**	264
Operating profit (before exceptional item)		**19,227**	16,332
Exceptional item in respect of Lightronics fire	3	**1,566**	–
Operating profit	3	**20,793**	16,332
Finance income	5	**615**	708
Finance expense	5	**(1,267)**	(1,097)
Profit before income tax		**20,141**	15,943
Income tax expense	6	**(4,329)**	(2,629)
Profit for the year		**15,812**	13,314

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

Basic and diluted earnings per share	Notes	2021 pence	2020 pence
– Basic	7	**13.57**	11.45
– Diluted	7	**13.52**	11.40

The notes on pages 86 to 129 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.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Profit for the year:		**15,812**	13,314
Other comprehensive (expenses)/income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(688)**	229
		(688)	229
Items that will not be reclassified to profit or loss			
Revaluation of financial assets at fair value through other comprehensive income		**135**	(834)
Actuarial gain/(loss) on pension scheme	21	**1,758**	(2,039)
Movement on unrecognised pension scheme surplus	21	**(1,940)**	1,869
Taxation		**(236)**	13
		(283)	(991)
Other comprehensive expense for the year, net of tax		**(971)**	(762)
Total comprehensive income for the year attributable to equity shareholders		**14,841**	12,552

The notes on pages 86 to 129 form part of these financial statements.

Consolidated and Company Statements of Financial Position

As at 30 June 2021

		Group		Company	
		2021	2020	**2021**	2020
	Notes	**£'000**	£'000	**£'000**	£'000
Assets					
Non-current assets					
Property, plant and equipment	8	**28,251**	30,574	**11,018**	11,980
Intangible assets	9	**19,705**	21,032	**3,798**	4,074
Investments in subsidiaries	10	**–**	–	**14,581**	14,581
Investment property	11	**1,967**	1,987	**10,184**	10,130
Financial assets at amortised cost	12	**746**	1,800	**9,027**	12,338
Equity accounted investments and joint arrangements	13	**–**	–	**–**	–
Financial assets at fair value through other comprehensive income	14	**3,764**	3,772	**3,764**	3,772
Total non-current assets		**54,433**	59,165	**52,372**	56,875
Current assets					
Inventories	15	**20,389**	25,296	**11,528**	16,914
Trade and other receivables	16	**29,310**	21,256	**29,024**	22,133
Financial assets at amortised cost	12	**1,800**	625	**1,800**	625
Short-term financial assets	17	**23,603**	18,580	**23,603**	18,580
Cash and cash equivalents	18	**52,268**	44,422	**47,064**	37,218
Total current assets		**127,370**	110,179	**113,019**	95,470
Total assets		**181,803**	169,344	**165,391**	152,345
Liabilities					
Current liabilities					
Trade and other payables	19	**(39,198)**	(36,185)	**(33,142)**	(27,964)
Lease liabilities	20	**(226)**	(220)	**–**	–
Current income tax liabilities		**(1,040)**	(831)	**–**	–
Total current liabilities		**(40,464)**	(37,236)	**(33,142)**	(27,964)
Net current assets		**86,906**	72,943	**79,877**	67,506
Non-current liabilities					
Other payables	19	**(78)**	(67)	**–**	–
Lease liabilities	20	**(435)**	(417)	**–**	–
Provisions for liabilities and charges	22	**(2,242)**	(2,721)	**(706)**	(795)
Deferred income tax liabilities	23	**(1,591)**	(601)	**(956)**	(398)
Total non-current liabilities		**(4,346)**	(3,806)	**(1,662)**	(1,193)
Total liabilities		**(44,810)**	(41,042)	**(34,804)**	(29,157)
Net assets		**136,993**	128,302	**130,587**	123,188
Equity					
Share capital	24	**1,189**	1,189	**1,189**	1,189
Share premium account	25	**1,960**	1,526	**1,960**	1,526
Capital redemption reserve	25	**137**	137	**137**	137
Foreign currency translation reserve	25	**2,076**	2,764	**–**	–
Retained earnings					
At 1 July		**122,686**	117,036	**120,336**	114,398
Profit for the year attributable to the owners		**15,812**	13,314	**13,781**	13,326
Other changes in retained earnings		**(6,867)**	(7,664)	**(6,816)**	(7,388)
		131,631	122,686	**127,301**	120,336
Total equity		**136,993**	128,302	**130,587**	123,188

The notes on pages 86 to 129 form part of these financial statements.

The financial statements on pages 80 to 85 were approved by the Board on 5 October 2021 and signed on its behalf by

Michael Allcock

Mike Allcock **Craig Muncaster** Company Registration Number: 317886

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 June 2019		**1,189**	**1,266**	**137**	**2,535**	**117,036**	**122,163**
Adjustments on first time adoption of IFRS 16 (net of tax)		–	–	–	–	(265)	(265)
Restated balance at 1 July 2019		**1,189**	**1,266**	**137**	**2,535**	**116,771**	**121,898**
Comprehensive income							
Profit for the year to 30 June 2020		–	–	–	–	13,314	13,314
Actuarial loss on pension scheme	21	–	–	–	–	(2,039)	(2,039)
Movement on unrecognised pension scheme surplus	21	–	–	–	–	1,869	1,869
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	(834)	(834)
Movement on associated deferred tax	23	–	–	–	–	81	81
Impact of deferred tax rate change	23	–	–	–	–	(68)	(68)
Exchange differences on translation of foreign operations		–	–	–	229	–	229
Total comprehensive income		–	–	–	229	12,323	12,552
Transactions with owners							
Shares issued from exercised options		–	260	–	–	–	260
Dividends paid to shareholders	26	–	–	–	–	(6,468)	(6,468)
Share based payment charge	27	–	–	–	–	60	60
Total transactions with owners		–	260	–	–	(6,408)	(6,148)
Balance at 30 June 2020		**1,189**	**1,526**	**137**	**2,764**	**122,686**	**128,302**
Comprehensive income							
Profit for the year to 30 June 2021		–	–	–	–	15,812	15,812
Actuarial gain on pension scheme	21	–	–	–	–	1,758	1,758
Movement on unrecognised pension scheme surplus	21	–	–	–	–	(1,940)	(1,940)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	135	135
Movement on associated deferred tax	23	–	–	–	–	(59)	(59)
Impact of deferred tax rate change	23	–	–	–	–	(177)	(177)
Exchange differences on translation of foreign operations		–	–	–	(688)	–	(688)
Total comprehensive income		–	–	–	(688)	15,529	14,841
Transactions with owners							
Shares issued from exercised options		–	434	–	–	–	434
Dividends paid to shareholders	26	–	–	–	–	(6,631)	(6,631)
Share based payment charge	27	–	–	–	–	47	47
Total transactions with owners		–	434	–	–	(6,584)	(6,150)
Balance at 30 June 2021		**1,189**	**1,960**	**137**	**2,076**	**131,631**	**136,993**

The notes on pages 86 to 129 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 June 2019		**1,189**	**1,266**	**137**	**114,398**	**116,990**
Adjustment on first time adoption of IFRS 16 (net of tax)		–	–	–	1	1
Restated balance at 1 July 2019		**1,189**	**1,266**	**137**	**114,399**	**116,991**
Comprehensive income						
Profit for the year to 30 June 2020		–	–	–	13,326	13,326
Actuarial loss on pension scheme	21	–	–	–	(2,039)	(2,039)
Movement on unrecognised pension scheme surplus	21	–	–	–	1,869	1,869
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	(834)	(834)
Movement on associated deferred tax	23	–	–	–	81	81
Impact of deferred tax rate change	23	–	–	–	(58)	(58)
Total comprehensive income		–	–	–	12,345	12,345
Transactions with owners						
Shares issued from exercised options		–	260	–	–	260
Dividends paid to shareholders	26	–	–	–	(6,468)	(6,468)
Share based payment charge	27	–	–	–	60	60
Total transactions with owners		–	260	–	(6,408)	(6,148)
Balance at 30 June 2020		**1,189**	**1,526**	**137**	**120,336**	**123,188**
Comprehensive income						
Profit for the year to 30 June 2021		–	–	–	13,781	13,781
Actuarial gain on pension scheme	21	–	–	–	1,758	1,758
Movement on unrecognised pension scheme surplus	21	–	–	–	(1,940)	(1,940)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	135	135
Movement on associated deferred tax	23	–	–	–	(59)	(59)
Impact of deferred tax rate change	23	–	–	–	(126)	(126)
Total comprehensive income		–	–	–	13,549	13,549
Transactions with owners						
Shares issued from exercised options		–	434	–	–	434
Dividends paid to shareholders	26	–	–	–	(6,631)	(6,631)
Share based payment charge	27	–	–	–	47	47
Total transactions with owners		–	434	–	(6,584)	(6,150)
Balance at 30 June 2021		**1,189**	**1,960**	**137**	**127,301**	**130,587**

The notes on pages 86 to 129 form part of these financial statements.

Consolidated and Company Statements of Cash Flows

For the year ended 30 June 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash flows from operating activities					
Cash generated from operations	28	**25,726**	23,231	**18,453**	12,958
Tax paid		**(3,853)**	(3,848)	**(1,789)**	(1,896)
Net cash generated from operating activities		**21,873**	19,383	**16,664**	11,062
Cash flows from investing activities					
Purchases of property, plant and equipment		**(2,932)**	(6,988)	**(1,045)**	(2,641)
Proceeds from sale of property, plant and equipment		**290**	212	**220**	182
Purchase of intangibles		**(1,756)**	(1,719)	**(1,323)**	(1,472)
Purchase of investment property		**–**	–	**(305)**	(1,237)
Net sale/(purchase) of financial assets at fair value through Other Comprehensive Income		**205**	(61)	**205**	(61)
Insurance proceeds re: property, plant and equipment lost in fire		**3,057**	–	**–**	–
Proceeds from sale of other financial assets at fair value through profit and loss account		**–**	387	**–**	387
Property rental and similar income		**41**	92	**367**	386
Dividend income		**186**	187	**5,223**	4,368
Net (deposit)/withdrawal of short-term financial assets		**(5,023)**	7,903	**(5,023)**	7,903
Interest received		**105**	322	**397**	492
Net receipt/(issue) of loan notes		**59**	1,156	**1,435**	(837)
Net cash (used in)/received from investing activities		**(5,768)**	1,491	**151**	7,470
Cash flows from financing activities					
Net proceeds from the issuance of ordinary shares		**434**	260	**434**	260
Proceeds from loans		**365**	192	**–**	–
Repayment of borrowings		**(958)**	(203)	**–**	–
Settlement of lease liabilities		**–**	(1,011)	**–**	–
Payment of lease liabilities		**(310)**	(265)	**–**	(3)
Payment of lease interest		**(39)**	(36)	**–**	–
Dividends paid to Company's shareholders	26	**(6,631)**	(6,468)	**(6,631)**	(6,468)
Net cash used in financing activities		**(7,139)**	(7,531)	**(6,197)**	(6,211)
Effects of exchange rate changes on cash		**(1,120)**	272	**(772)**	126
Net increase in cash in the year		**7,846**	13,615	**9,846**	12,447
Cash and cash equivalents at beginning of year		**44,422**	30,807	**37,218**	24,771
Cash and cash equivalents at end of year		**52,268**	44,422	**47,064**	37,218

The notes on pages 86 to 129 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2021

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, limited by shares, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The address of its registered office is Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, United Kingdom.

Basis of preparation

The consolidated and company financial statements of FW Thorpe Plc have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis, under the historical cost convention except for the financial instruments measured at fair value either through other comprehensive income or profit and loss per the provisions of IFRS 9.

There are no other standards that are not yet effective that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency, rounded to the nearest thousand.

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.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company income statement.

Going concern

The directors confirm they are satisfied that the Group and Company have adequate resources, with £52.3m cash and £23.6m short term deposits, to continue in business for the foreseeable future factoring in the expected impact of COVID-19. They have also produced an analysis that demonstrates that the Group could cover its cash commitments even if there was a reduction of 33% in sales over the following year from approving these accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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.

1 ACCOUNTING POLICIES CONTINUED

Equity accounted investments and joint arrangements

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. FW Thorpe Plc only has joint operations.

Joint operations

FW Thorpe Plc recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Equity accounted investments

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

The Group recognises revenue earned from contracts based on individual performance obligations using the five-step model. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration the Group is entitled to in exchange for those goods or services, excluding VAT, trade discounts and rebates.

The Group has generally concluded that it is the principal in its revenue arrangements. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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. The normal credit terms are 30 to 90 days from delivery, or completion of the service provided.

Revenue from external customers is derived from the supply of light fittings and services to support the sale of these light fittings. These services include surveying, project management, installation and commissioning. The transaction price for both the light fittings and the service agreements are at fair value as if each of those services are provided individually.

Revenue Stream	Revenue Recognition
Light fittings	Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods
Services	Revenue is recognised over time when the service is performed

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. service agreements). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

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.

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 ten operating segments based on the products and customer base in the lighting market. The largest businesses, on an ongoing basis, are Thorlux and Lightronics Participaties B.V. (which includes the business of Famostar Emergency Lighting B.V.). The seven remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, comprising the entities Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting L.L.C., Thorlux Australasia Pty Limited and Thorlux Lighting GmbH.

Pension costs

The Group operates a hybrid defined benefit and defined contribution pension scheme. 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 statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position 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.

1 ACCOUNTING POLICIES CONTINUED

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.

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 statement of financial position date in accordance with prevailing exchange rates and resulting gains or losses are recognised in the income statement.

Exceptional items

Exceptional items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding the impact of items which, in management's view, do not form part of the Group's underlying operating results.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position 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 statement of financial position 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.

1 ACCOUNTING POLICIES CONTINUED

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. Right of use assets are depreciated at the rates below according to their asset classification. The rates generally applicable are:

Freehold land	Nil
Buildings	2%–10%
Plant and equipment	10%–50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position 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

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets: The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in line with the Group's existing impairment accounting policy.

Short term leases and low value assets

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

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 at 33.33% per annum commencing when the asset is available for use within the business. Development costs 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.

1 ACCOUNTING POLICIES CONTINUED

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 statement of financial position 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 that 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. The rates generally applicable are:

Technology	14%
Brand name	14%–20%

Investment properties

Investment properties are recognised at cost, and then subsequently cost less accumulated depreciation and (if applicable) any accumulated impairment losses. Assets are depreciated at the same rates as property, plant and equipment assets according to their assets class, freehold land is not depreciated.

In the Company accounts land and buildings (and integral fixtures and fittings) not occupied by the Company are included within investment property.

Investments in subsidiaries

Investments in subsidiaries are held at cost less impairment. Cost includes directly attributable costs of investment.

1 ACCOUNTING POLICIES CONTINUED

Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or the income statement); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement together with foreign exchange gains and losses. Impairment losses are included in either administrative expenses, or finance costs in the income statement dependent on the type of asset impaired.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income or costs. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in administrative expenses and impairment expenses are included in either administrative expenses, or finance costs in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement in the period in which it arises.

1 ACCOUNTING POLICIES CONTINUED

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as finance income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see accounting policy for trade receivables for further details.

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 the net realisable value.

Trade receivables

Trade receivables are recognised initially at fair value and the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period 12 months up to the end of the relevant financial year, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, as significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account, and 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.

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.

Notes to the Financial Statements continued

For the year ended 30 June 2021

1 ACCOUNTING POLICIES CONTINUED

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.

Trade payables

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

Provisions

Provisions are recognised in the statement of financial position 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 statement of financial position 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.

Warranty

The Group provides for expected warranty costs covering both specific known warranty claims and calculating expected future warranty claims in order to estimate the expected costs that will arise in respect of products sold within the remaining warranty periods. The expected future warranty claims provision is calculated by assessing historical data, industry failure rates and the Group's knowledge of products to determine the percentage of sales that should be provided for to cover future associated warranty costs.

Critical accounting estimates and judgements

The presentation of the annual financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key estimates and judgements used in the financial statements are as follows:

1 ACCOUNTING POLICIES CONTINUED

Estimates	**Goodwill/Investment in subsidiaries** The Group and the Company undertake impairment reviews for cash generating units (CGU) at least annually to assess the carrying value of goodwill/investment in subsidiaries and other intangible assets. These reviews apply either discounted cash flows forecast, including terminal values and growth factors if appropriate, or EBITDA multiples to the forecast financial performance of the CGU. Note 9 contains details of reviews that have been carried out. **Warranty** The Group provides for expected warranty costs covering both specific known warranty claims and calculating expected future warranty claims in order to estimate the expected costs that will arise in respect of products sold within the remaining warranty periods. The usual warranty period provided is between 5 and 10 years, dependant on market requirements. The expected future warranty claims provision is calculated by assessing historical data, industry failure rates and the Group's knowledge of products to determine the percentage of sales that should be provided for to cover future associated warranty costs. Note 22 contains details of the warranty provision. If the failure rate assumption used in the provision calculation were to increase by 5%, then the resulting provision would be higher by £92,000. **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 Cartwright Benefit Consultants Ltd to ensure their appropriateness. Note 21 contains details of the retirement benefit obligations. **Inter-company loan impairment** The Company provides for expected credit losses that may arise from under-performing loans to subsidiary companies. The expected credit loss is calculated by looking at historical performance and the Company's knowledge of how the subsidiary is likely to perform in the future. Note 12 contains details of inter-company loan impairments based on an expected credit loss assumption of 45%. If the expected credit loss assumption was to increase to 55% there would be an extra charge of £346,000 to the Company.

Notes to the Financial Statements continued

For the year ended 30 June 2021

1 ACCOUNTING POLICIES CONTINUED

Judgements	**Development costs** The Group undertakes development activities and the commercial viability of these activities is assessed on a continual basis; as such the Group assesses each new project to determine whether development costs incurred should be capitalised within intangible assets or recognised as an expense within administrative expenses. The Group determines this classification based on 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. **Retirement benefit obligations** The Group recognises its obligations to employee retirement benefits. Where the fair value of the pension plan assets exceeds the present value of the defined benefit obligation the Group consider the amount that can be recognised as an asset within the statement of financial position in line with the requirements of IAS 19. 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. As these criteria are not met the Group has decided not to recognise a net retirement benefit asset.

1 ACCOUNTING POLICIES CONTINUED

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.

(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, 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 and net investments in foreign operations. 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 statement of financial position either as financial assets at fair value through other comprehensive income 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.

The Group holds money market funds that are designated as short term investments and also a range of quoted securities that are designated as financial assets at fair value through other comprehensive income. Management has performed an analysis and do not believe there to be a material sensitivity to changes in underlying price indices arising from these holdings.

(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. 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, see note 17, on the basis of expected cash flow. All external current liabilities are expected to mature within four months.

1 ACCOUNTING POLICIES CONTINUED

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.

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 is 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.

1 ACCOUNTING POLICIES CONTINUED

Share based payments

Senior executives of the Group receive remuneration in the form of share based payments through the executive share ownership plan and other employees through a "SAYE" scheme. 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 that are likely to vest.

Cash-settled share based payments

The Group has cash-settled share based payments for holders of share appreciation rights holders. A liability is recognised equal to the calculated future fair value as at the date of the statement of financial position.

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 ten 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 businesses in the Netherlands, Lightronics and Famostar, are material subsidiaries and disclosed separately as Netherlands companies.

The seven remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, comprising the entities Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting L.L.C., Thorlux Australasia Pty Limited, Thorlux Lighting GmbH.

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	Netherlands companies £'000	Other companies £'000	Inter-segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2021					
Revenue to external customers	**69,969**	**31,490**	**16,416**	**–**	**117,875**
Revenue to other group companies	**3,304**	**290**	**5,238**	**(8,832)**	**–**
Total revenue	**73,273**	**31,780**	**21,654**	**(8,832)**	**117,875**
Operating profit (before exceptional item)	**11,694**	**5,402**	**1,722**	**409**	**19,227**
Exceptional item in respect of Lightronics fire	**–**	**1,566**	**–**	**–**	**1,566**
Operating profit	**11,694**	**6,968**	**1,722**	**409**	**20,793**
Net finance expense					**(652)**
Profit before income tax					**20,141**
Year to 30 June 2020					
Revenue to external customers	65,615	31,340	16,387	–	113,342
Revenue to other group companies	3,164	234	4,021	(7,419)	–
Total revenue	68,779	31,574	20,408	(7,419)	113,342
Operating profit	10,150	4,125	1,412	645	16,332
Net finance expense					(389)
Profit before income tax					15,943

Notes to the Financial Statements continued

For the year ended 30 June 2021

2 SEGMENTAL ANALYSIS CONTINUED

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 elimination of profit on transfer of assets between Group companies.

(b)i Geographical analysis

The Group's business segments operate in four main areas, the UK, the Netherlands, 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.

	2021 £'000	2020 £'000
UK	74,363	69,657
Netherlands	28,879	28,748
Rest of Europe	12,499	12,265
Rest of the World	2,134	2,672
	117,875	113,342

(b)ii Geographical analysis by product types

The Group's main business segments primary revenue stream is the sale of light fittings, with some ancillary services and commissioning supporting this revenue stream.

2021 (£'000)	Light fittings	Services	Total
UK	69,992	4,371	74,363
Netherlands	28,879	–	28,879
Rest of Europe	12,499	–	12,499
Rest of the World	2,134	–	2,134
	113,504	4,371	117,875

2020 (£'000)	Light Fittings	Services	Total
UK	66,733	2,924	69,657
Netherlands	28,748	–	28,748
Rest of Europe	12,231	34	12,265
Rest of the World	2,671	1	2,672
	110,383	2,959	113,342

3 OPERATING PROFIT

	2021 £'000	2020 £'000
Profit on sale of Property, Plant & Equipment	(115)	(118)
Depreciation of investment property	20	19
Depreciation of Property, Plant & Equipment		
– owned property	3,104	2,993
– right-of-use assets	212	228
Amortisation of intangible assets	2,328	2,577
Share appreciation rights (with associated share based payment charges)	2,274	1,978
Cost of inventories recognised as an expense	53,370	45,110
Research and development expenditure credit	(289)	(249)
Government grants	–	(192)
Currency losses/(gains) in income statement	821	(461)

3 OPERATING PROFIT CONTINUED

Services provided by the Company's auditors	2021 £'000	2020 £'000
Fees payable to Company's auditors for audit of financial statements	**247**	210
Fees payable to the Company's auditors and its associates for other services		
– Audit of Company's subsidiaries	**20**	–
	267	210

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.

	Building 2021 £'000	Other assets 2021 £'000	Other Costs 2021 £'000	Inventory 2021 £'000	Total 2021 £'000
Exceptional item in respect of Lightronics fire:					
- Insurance proceeds	2,096	961	318	5	3,380
- Net book value of assets lost	(1,062)	(250)	–	–	(1,312)
- Other costs incurred	–	(77)	(425)	–	(502)
	1,034	**634**	**(107)**	**5**	**1,566**

An exceptional item has been recognised in the consolidated income statement of £1,566,000 as a result of the Lightronics fire on 23 September 2020. All insurance claims have been settled and the building will be rebuilt during 2021/22.

The income above will be utilised for the rebuild. There is a deferred tax charge of £312,000 related to this recognised in the income statement.

4 EMPLOYEE INFORMATION

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

	Group		Company	
Average headcount	**2021 Number**	2020 Number	**2021 Number**	2020 Number
Production	**292**	293	**182**	178
Sales and distribution	**189**	184	**103**	107
Administration	**215**	211	**142**	145
Total average headcount	**696**	688	**427**	430

	Group		Company	
Employment costs of all employees (including executive directors)	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Wages and salaries	**28,779**	27,957	**17,644**	17,803
Social security costs	**3,423**	3,262	**2,005**	1,965
Other pension costs	**1,598**	1,504	**983**	969
	33,800	32,723	**20,632**	20,737

Included in wages and salaries are £1,463,000 (2020: £1,821,000) of temporary employees costs.

Other pension costs include contributions to pension schemes and other employer's pension related charges comprising life assurance of £93,000 (2020: £80,000), pension administration and professional charges of £111,000 (2020: £119,000) and private pension schemes amounting to £5,000 (2020: £15,000).

4 EMPLOYEE INFORMATION CONTINUED

Contributions to the defined contribution section amounted to £243,000 (2020: £258,000) and contributions to other schemes administered independently of the FW Thorpe pension schemes amounted to £963,000 (2020: £849,000).

	Group		Company	
Directors' Emoluments	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Aggregate emoluments	**1,836**	1,607	**1,570**	1,356
Contributions to money purchase schemes	**13**	19	**13**	19
	1,849	1,626	**1,583**	1,375

For the year ended 30 June 2021 no retirement benefits were accruing to any director (2020: nil) under the defined benefit scheme and to J E Thorpe (2020: J E Thorpe) under the defined contribution scheme. Additionally compensation payments for the loss of pension contributions totalling £240,000 (2020: £245,000) were made to 4 (2020: 5) directors.

	Group		Company	
Highest paid director	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Total of emoluments and amounts receivable	**461**	427	**461**	427

Compensation payments for the loss of pension contributions for the highest paid director were £41,000 (2020: £41,000).

The key management personnel are the Group Board directors.

Further details are provided in the directors' remuneration report on pages 67 to 70.

5 NET FINANCE EXPENSE

	2021 £'000	2020 £'000
Finance income		
Current assets		
Interest receivable	**46**	293
Non-current assets		
Fair value adjustments on loans	**177**	23
Dividend income on financial assets at fair value through other comprehensive income	**186**	187
Net rental income	**52**	64
Loan interest	**92**	141
Gain on disposal of financial assets	**62**	–
	615	708
Finance expense		
Current liabilities		
Interest payable	**7**	2
Lease liability interest expense	**39**	36
Share appreciation rights distribution	**1,155**	958
Non-current assets		
Loan interest	**66**	101
	1,267	1,097
Net finance expense	**(652)**	(389)

The share appreciation rights distribution are the dividends from Lightronics Participaties B.V. and Famostar Emergency Lighting B.V. due to the former management of Lightronics Participaties B.V.

6 INCOME TAX EXPENSE

Analysis of income tax expense in the year:

	2021 £'000	2020 £'000
Current tax		
Current tax on profits for the year	**4,128**	3,691
Adjustments in respect of prior years	**(564)**	(981)
Total current tax	**3,564**	2,710
Deferred tax		
Origination and reversal of temporary differences	**765**	(81)
Total deferred tax	**765**	(81)
Income tax expense	**4,329**	2,629

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before income tax	**20,141**	15,943
Profit on ordinary activities multiplied by the standard rate in the UK of 19% (2020: 19%)	**3,827**	3,029
Effects of:		
Expenses not deductible for tax purposes	**1,077**	854
Accelerated tax allowances and other timing differences	**238**	17
Adjustments in respect of prior years	**(564)**	(981)
Patent box relief	**(686)**	(643)
Foreign profit taxed at higher rate	**437**	353
Tax charge	**4,329**	2,629

The effective tax rate was 21.49% (2020: 16.49%). Adjustments in respect of prior years relates to refunds received for prudent assumptions on additional investment allowances and patent box relief in the tax calculations.

The UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020. The UK corporation tax rate increase from 19% to 25% from 1 April 2023, was substantively enacted in May 2021. This has led to an increase in the deferred tax assets and liabilities at 30 June 2021 as these values have been calculated based on a rate at which they are expected to crystalise.

7 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	**2021**	2020
Weighted average number of ordinary shares in issue	**116,511,580**	116,272,709
Profit attributable to equity holders of the Company (£'000)	**15,812**	13,314
Basic earnings per share (pence per share) total	**13.57**	11.45

Diluted 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, plus the number of shares earnt for share options where performance conditions have been achieved.

Diluted	**2021**	2020
Weighted average number of ordinary shares in issue (diluted)	**116,938,189**	116,805,366
Profit attributable to equity holders of the Company (£'000)	**15,812**	13,314
Diluted earnings per share (pence per share) total	**13.52**	11.40

8 PROPERTY, PLANT AND EQUIPMENT

	Group				Company			
	Freehold land and buildings £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Right of use assets £'000	Total £'000
Cost								
At 1 July 2020	23,552	26,933	856	51,341	6,484	20,356	–	26,840
Additions	133	2,435	364	2,932	45	1,000	–	1,045
Disposals*	(1,181)	(1,548)	(276)	(3,005)	–	(695)	–	(695)
Currency translation	(410)	(158)	(49)	(617)	–	–	–	–
At 30 June 2021	**22,094**	**27,662**	**895**	**50,651**	**6,529**	**20,661**	**–**	**27,190**
Accumulated depreciation								
At 1 July 2020	4,362	15,955	450	20,767	2,245	12,615	–	14,860
Charge for the year	617	2,487	212	3,316	154	1,731	–	1,885
Disposals*	(283)	(1,013)	(221)	(1,517)	–	(573)	–	(573)
Currency translation	(58)	(84)	(24)	(166)	–	–	–	–
At 30 June 2021	**4,638**	**17,345**	**417**	**22,400**	**2,399**	**13,773**	**–**	**16,172**
Net book amount								
At 30 June 2021	**17,456**	**10,317**	**478**	**28,251**	**4,130**	**6,888**	**–**	**11,018**

* Disposals includes the write off of assets as a result of the Lightronics fire.

	Group				Company			
	Freehold land and buildings £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Right of use assets £'000	Total £'000
Cost								
At 30 June 2019	19,720	23,851	–	43,571	6,374	18,304	–	24,678
Adoption of IFRS16	–	–	2,266	2,266	–	–	13	13
At 1 July 2019	19,720	23,851	2,266	45,837	6,374	18,304	13	24,691
Additions	3,709	4,016	192	7,917	110	2,531	–	2,641
Disposals	(31)	(1,005)	(1,628)	(2,664)	–	(479)	(13)	(492)
Transfers	(17)	17	–	–	–	–	–	–
Currency translation	171	54	26	251	–	–	–	–
At 30 June 2020	23,552	26,933	856	51,341	6,484	20,356	–	26,840
Accumulated depreciation								
At 30 June 2019	3,712	14,506	–	18,218	2,095	11,398	–	13,493
Adoption of IFRS16	–	–	908	908	–	–	9	9
At 1 July 2019	3,712	14,506	908	19,126	2,095	11,398	9	13,502
Charge for the year	662	2,331	228	3,221	150	1,623	4	1,777
Disposals	(31)	(911)	(699)	(1,641)	–	(406)	(13)	(419)
Transfers	(2)	2	–	–	–	–	–	–
Currency translation	21	27	13	61	–	–	–	–
At 30 June 2020	4,362	15,955	450	20,767	2,245	12,615	–	14,860
Net book amount								
At 30 June 2020	19,190	10,978	406	30,574	4,239	7,741	–	11,980

Freehold land which was not depreciated at 30 June 2021 amounted to £758,000 (2020: £774,000) (Group) and £500,000 (2020: £500,000) (Company).

9 INTANGIBLE ASSETS

Group 2021	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost								
At 1 July 2020	15,116	7,357	3,000	1,323	2,573	150	182	29,701
Additions	–	1,516	–	–	240	–	–	1,756
Write-offs and transfers	–	(964)	–	–	(5)	–	–	(969)
Currency translation	(685)	(38)	(154)	(66)	3	–	–	(940)
At 30 June 2021	**14,431**	**7,871**	**2,846**	**1,257**	**2,811**	**150**	**182**	**29,548**
Accumulated amortisation								
At 1 July 2020	248	3,902	1,908	980	1,481	150	–	8,669
Charge for the year	–	1,508	373	74	373	–	–	2,328
Write-offs and transfers	–	(964)	–	–	(5)	–	–	(969)
Currency translation	(7)	(31)	(102)	(48)	3	–	–	(185)
At 30 June 2021	**241**	**4,415**	**2,179**	**1,006**	**1,852**	**150**	**–**	**9,843**
Net book amount								
At 30 June 2021	**14,190**	**3,456**	**667**	**251**	**959**	**–**	**182**	**19,705**

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

Group 2020	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost								
At 1 July 2019	14,921	7,292	2,956	1,304	2,202	150	182	29,007
Additions	–	1,322	–	–	397	–	–	1,719
Write-offs and transfers	–	(1,275)	–	–	(26)	–	–	(1,301)
Currency translation	195	18	44	19	–	–	–	276
At 30 June 2020	15,116	7,357	3,000	1,323	2,573	150	182	29,701
Accumulated amortisation								
At 1 July 2019	246	3,441	1,504	801	1,178	150	–	7,320
Charge for the year	–	1,715	371	162	329	–	–	2,577
Write-offs and transfers	–	(1,275)	–	–	(26)	–	–	(1,301)
Currency translation	2	21	33	17	–	–	–	73
At 30 June 2020	248	3,902	1,908	980	1,481	150	–	8,669
Net book amount								
At 30 June 2020	14,868	3,455	1,092	343	1,092	–	182	21,032

Amortisation and impairment of £2,328,000 (2020: £2,577,000) is included in the administrative expenses. Included in goodwill are amounts of £2,618,000 (2020: £2,618,000) arising from the acquisition of Portland Lighting Limited in 2011, €7,784,000 (£6,684,000) (2020: €7,784,000 (£7,091,000)) arising from the acquisition of Lightronics Participaties B.V. in 2015 and €5,057,000 (£4,343,000) (2020: €5,057,000 (£4,607,000)) arising from the acquisition of Famostar Emergency Lighting B.V. in December 2017. This goodwill is not amortised. The goodwill for Lightronics, Famostar and Thorlux Australasia is revalued annually to the closing exchange rate, as it is denominated in euros and Australian dollars respectively, with the movement recorded in exchange differences on translation of foreign operations in the Statement of Changes in Equity.

9 INTANGIBLE ASSETS CONTINUED

The Group tests intangible assets annually for impairment, or more frequently if there are indications of impairment, for each relevant cash generating unit (CGU). CGUs in the Group comprise the entities FW Thorpe Plc, Lightronics Participaties B.V., Lightronics B.V., Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting L.L.C., Thorlux Australasia Pty Limited, Thorlux Lighting GmbH and Famostar Emergency Lighting B.V.

For Portland Lighting Limited the value in use has been determined using cashflow projections covering a five year period with a terminal value all discounted at a rate of 7.6%. For prudence, no growth has been assumed from 2022. For an impairment to be required, the discount rate would need to exceed 15.4% (Group) and 11.6% (Company: investments in subsidiaries).

For the other CGUs an EBITDA analysis is computed to compare against the net carrying value of the goodwill and other intangible assets for each CGU as appropriate. A multiple based on a six times EBITDA, that we consider a reasonable multiple for the sector, is used in these computations, except for Famostar B.V. where an EBITDA multiple of five and a half has been used.

Due to the timing of the acquisitions that gave rise to the majority of our goodwill held, our assessment also considers business performance and likely net realisable value, which must be assessed as part of settlement of related share appreciation rights. At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Lightronics and Famostar CGUs of £20m in the Group and £12m in the Company (investments in subsidiaries, financial assets at amortised cost and amounts due from Group companies).

Company 2021	**Development costs £'000**	**Software £'000**	**Patents £'000**	**Fishing rights £'000**	**Total £'000**
Cost					
At 1 July 2020	5,081	2,574	150	182	7,987
Additions	1,101	222	–	–	1,323
Write-offs and transfers	–	–	–	–	–
At 30 June 2021	**6,182**	**2,796**	**150**	**182**	**9,310**
Accumulated amortisation					
At 1 July 2020	2,262	1,501	150	–	3,913
Charge for the year	1,234	365	–	–	1,599
Write-offs and transfers	–	–	–	–	–
At 30 June 2021	**3,496**	**1,866**	**150**	**–**	**5,512**
Net book amount					
At 30 June 2021	**2,686**	**930**	**–**	**182**	**3,798**

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

Company 2020	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost					
At 1 July 2019	5,275	2,183	150	182	7,790
Additions	1,081	391	–	–	1,472
Write-offs and transfers	(1,275)	–	–	–	(1,275)
At 30 June 2020	5,081	2,574	150	182	7,987
Accumulated amortisation					
At 1 July 2019	2,258	1,190	150	–	3,598
Charge for the year	1,279	311	–	–	1,590
Write-offs and transfers	(1,275)	–	–	–	(1,275)
At 30 June 2020	2,262	1,501	150	–	3,913
Net book amount					
At 30 June 2020	2,819	1,073	–	182	4,074

9 INTANGIBLE ASSETS CONTINUED

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.

10 INVESTMENTS IN SUBSIDIARIES

The cost of investment in subsidiaries is as follows:

	Company	
	2021 £'000	2020 £'000
Investment in subsidiaries – cost	**14,581**	14,581

The movement in the investment and provisions is as follows:

	Costs £'000	**Provision £'000**
At 1 July 2020 and 30 June 2021	**14,581**	–

Impairment for investments in subsidiaries has been considered within the headroom shown in note 9.

11 INVESTMENT PROPERTY

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cost				
At 1 July	2,259	2,259	11,448	10,211
Additions	–	–	305	1,237
Disposals	(33)	–	(44)	–
At 30 June	**2,226**	2,259	**11,709**	11,448
Accumulated depreciation				
At 1 July	272	253	1,318	1,080
Charge for the year	20	19	240	238
Disposals	(33)	–	(33)	–
At 30 June	**259**	272	**1,525**	1,318
Net book amount				
At 30 June	**1,967**	1,987	**10,184**	10,130

The following amounts have been recognised in the income statement:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Rental income	**137**	142	**463**	408
Direct operating expenses arising from investment properties that generate rental income	**(105)**	(98)	**(325)**	(316)

The investment property and land owned by 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. The associated fishing rights for the property by the River Wye are included in intangible assets.

Investment property of £1,296,000 (2020: £1,296,000) is freehold land and therefore not depreciated; the property element includes accumulated depreciation of £259,000 (2020: £272,000) which relates to the property occupied by Mackwell Electronics Limited. This investment property has been independently valued and has a market value that is not materially higher than its cost.

11 INVESTMENT PROPERTY CONTINUED

An external fair value exercise of the land by the River Wye and the land in Monmouthshire was last undertaken in June 2019 resulting in a valuation of £1.57m, which is greater than the carrying value of those specific investment properties. The directors' valuation of this investment property for the year ended 30 June 2021 shows no material change.

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.

Each investment property generates rental income.

12 FINANCIAL ASSETS AT AMORTISED COST

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments. The Group applied the expected credit risk model to calculate the impairment provision.

Mackwell Electronics Limited

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. £377,000 was repaid during the year (2020: £nil), leaving a balance due at 1% over the Bank of England base rate of £nil (2020: £377,000).

As the loan has been fully repaid the Group and Company have released the provision that was included in the previous financial statements. As at the date of these financial statements, the provision is £nil (2020: £177,000) for these loan notes.

During 2018, £1,500,000 in new loans were provided to Mr N Brangwin, a director and main shareholder in Mackwell Electronics Limited, making a total of £1,800,000, with interest payable at 4% over the Bank of England base rate. This loan is secured against Mr Brangwin's shareholding in FW Thorpe Plc. No repayment was received during the year.

This debt investment is considered to have a minimal risk of default due to the collateral that is held as security, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, no provision was recorded.

Therefore the total balance due from Mackwell and its directors is £1,800,000 (2020: £2,000,000) after provisions.

Luxintec S.L.

During the year loan notes of €869,000 (£746,000) were provided to Luxintec S.L., an investment in the company is held under financial assets at fair value through other comprehensive income, with ordinary interest payable at 1.5% fixed rate payable quarterly. This loan is secured against the company assets.

This debt investment is considered to have a minimal risk of default due to the collateral that is held as security, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, no provision was recorded.

At the date of the financial statements, the loan notes balance was €869,000 (2020: €nil) equating to £746,000 (2020: £nil) at the end of year exchange rate.

12 FINANCIAL ASSETS AT AMORTISED COST CONTINUED

Famostar Emergency Lighting B.V.

Part of the acquisition of Famostar Emergency Lighting B.V. included partial funding of the 35% share appreciation rights held by the existing rights holders in Lightronics Participaties B.V. This was achieved by the issue of a loan of €1,640,000. During the year €467,000 was repaid and at the date of the financial statements, the loan notes balance was €nil (2020: €467,000) equating to £nil (2020: £425,000) at the end of year exchange rate.

We assess the credit risk of our loan note receivables, based on the creditworthiness of the counterparty, history of repayment and security in place, and where required provisions are made.

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
At 1 July	**2,425**	3,567	**12,963**	12,115
Issued	**746**	–	**1,151**	2,283
Repaid	**(802)**	(1,136)	**(2,655)**	(1,484)
Fair value adjustment	**177**	23	**(143)**	(114)
Exchange rate movement	**–**	(29)	**(489)**	163
At 30 June	**2,546**	2,425	**10,827**	12,963

	Group		Company	
Analysis of total financial assets at amortised cost	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Non-current	**746**	1,800	**9,027**	12,338
Current	**1,800**	625	**1,800**	625
	2,546	2,425	**10,827**	12,963

The £1,151,000 loans issued by the Company are £746,000 issued to Luxintec S.L. as above and £405,000 to Thorlux Lighting L.L.C.

The debt investment to Lightronics Participaties B.V. of €8,549,000 (£7,341,000) has shown no significant increase in credit risk since the inception of the loan, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, no provision was recorded.

The debt investment to Thorlux Lighting L.L.C. of £1,590,000 is considered to be underperforming and therefore the impairment provision is determined as lifetime expected credit losses. As at the date of these financial statements, the Company has made a provision of £650,000 (2020: £261,000) for these loan notes based on an expected credit loss of 45%.

13 EQUITY ACCOUNTED INVESTMENTS AND JOINT ARRANGEMENTS

The Group has a joint operation in the United Arab Emirates. Thorlux Lighting L.L.C. is registered in the 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.

The Group invested €1,200,000 for 40% of the share capital of Luxintec S.L., a company based in Spain, in 2016. In the previous year, this was reclassified to financial assets at fair value through other comprehensive income as the Group is not able to assert influence over the management of this investment.

The Group assesses on a forward looking basis the associated expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk, as allowed under IFRS 9. As at the date of these financial statements, no provision was recorded for the Group.

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
At 1 July	**–**	936	**–**	936
Reclassification to financial assets at fair value through other comprehensive income	**–**	(936)	**–**	(936)
At 30 June	**–**	–	**–**	–

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Group and Company	**2021 £'000**	2020 £'000
Beginning of year	**3,772**	3,683
Net (disposals)/additions	**(143)**	61
Reclassification from equity accounted investments and joint arrangements	**–**	936
Reclassification to trade and other receivables	**–**	(74)
Revaluation	**135**	(834)
At 30 June	**3,764**	3,772

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. Financial assets at fair value through other comprehensive income are subsequently carried at fair value.

Financial assets at fair value through other comprehensive income comprise:

i) Listed equity in the UK, and are denominated in UK pounds. None of these assets is either past due or impaired; and

ii) The Group invested €1,200,000 for 40% of the share capital of Luxintec S.L., a company based in Spain, in 2016.

An impairment of £529,000 (2020: £407,000) is included in the revaluation amount of £135,000 for the investment in Luxintec S.L. based on the fair value assessment of this investment.

Classified as financial assets at fair value through other comprehensive income as the Group is not able to assert influence over the management of this investment.

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as financial assets at fair value through other comprehensive income, 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 financial assets at fair value through other comprehensive income, 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.

15 INVENTORIES

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Raw materials	**14,992**	16,257	**6,853**	8,654
Work in progress	**2,228**	2,964	**1,687**	2,379
Finished goods	**3,169**	6,075	**2,988**	5,881
	20,389	25,296	**11,528**	16,914

The value of the inventory provision is £2,928,000 (2020: £3,308,000) for the Group and £1,475,000 (2020: £1,702,000) for the Company.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
Current	**£'000**	£'000	**£'000**	£'000
Trade receivables	**25,599**	18,945	**17,103**	12,064
Other receivables	**1,982**	941	**1,837**	833
Prepayments and accrued income	**1,729**	1,370	**1,014**	986
Amounts owed by subsidiaries	**–**	–	**9,070**	8,250
Total	**29,310**	21,256	**29,024**	22,133

Amounts owed by subsidiaries, except cash balances, are unsecured, interest free and have no fixed date for repayment. Amounts owed in relation to cash balances generate interest in line with the Group's deposit facilities.

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade receivables past due date not provided	**3,339**	1,734	**2,476**	1,157

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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. A significant proportion of the trade receivables are insured. The policy covers 90% of the debt in the event of a claim for default, where the customer is in severe financial difficulty. No bad debt provision is made in respect of trade receivables from Government departments or agencies. At 30 June 2021 the bad debt provision for the Group amounted to £180,000 (2020: £154,000) and for the Company £23,000 (2020: £27,000).

No provision is held against trade receivables that are not yet due, due to the good credit history and expected financial performance of customers and the overall exposure is considered low due to levels of credit insurance in place. Credit limits are reviewed at least every 6 months to assess and amend, where appropriate, the credit limit offered to customers.

Included in amounts owed by subsidiaries are provisions for expected credit losses for Thorlux Lighting L.L.C. of £264,000 (2020: £442,000) and Thorlux Australasia PTY Limited of £643,000 (2020: £497,000), based on an expected credit loss of 45%.

During the year the following amounts were written off (excluding amounts owed by subsidiaries):

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bad debts written off	**26**	47	**–**	41
Bad debts recovered	**(5)**	(41)	**–**	(40)
Net bad debt expense	**21**	6	**–**	1

Notes to the Financial Statements continued

For the year ended 30 June 2021

16 TRADE AND OTHER RECEIVABLES CONTINUED

At 30 June 2021, trade receivables were due to the Group and Company in the following currency denominations:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Due in £ sterling	**18,217**	12,525	**15,232**	11,192
Due in € euro	**7,166**	5,826	**1,871**	718
Due in UAE dirham	**82**	312	**–**	–
Due in AUD Australian dollars	**134**	128	**–**	–
Due in $ United States dollars	**–**	154	**–**	154
	25,599	18,945	**17,103**	12,064

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.

17 SHORT-TERM FINANCIAL ASSETS

Group and Company	**2021 £'000**	2020 £'000
Beginning of year	**18,580**	26,483
Net deposits/(withdrawals)	**5,023**	(7,903)
	23,603	18,580

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 have a minimum rating of "A" by Fitch, with a specific rating of "F1" for short-term funds.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash at bank and in hand	**52,268**	44,422	**47,064**	37,218

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

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
Current liabilities	**£'000**	£'000	**£'000**	£'000
Trade payables	**10,600**	9,069	**7,149**	6,018
Contract liabilities	**1,360**	414	**1,359**	414
Other payables	**17,048**	16,948	**16,060**	12,826
Social security and other taxes	**2,289**	2,447	**849**	1,236
Accruals and deferred income	**7,901**	7,307	**5,242**	5,085
Amounts owed to subsidiaries	**–**	–	**2,483**	2,385
	39,198	36,185	**33,142**	27,964
Non-current liabilities				
Other payables	**78**	67	**–**	–
	78	67	**–**	–

Amounts owed to subsidiaries, except cash balances, are unsecured, interest free and have no fixed date of repayment. Amounts owed in relation to cash balances generate interest in line with the Group's deposit facilities.

Included within other payables in current liabilities is a commitment to purchase the outstanding share appreciation rights (deferred consideration) in the subsidiaries Lightronics Participaties B.V. and Famostar Emergency Lighting B.V. of £16,593,000 (2020: £15,550,000), including a loan of £899,000 (2020: £1,971,000) from Spuiweg Holding B.V. For the Company, the commitment to purchase the outstanding share appreciation rights (deferred consideration) is £15,694,000 (2020: £12,429,000).

Non-current liabilities relates to post employment benefits at Thorlux Australasia Pty Limited and Thorlux Lighting L.L.C.

20 LEASE LIABILITIES

Right-of-use assets

	Property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
At 1 July 2019	929	32	397	1,358
Additions*	–	56	136	192
Depreciation charge for the year	–	(23)	(205)	(228)
Lease termination	(929)	–	–	(929)
Currency translation	–	2	11	13
At 30 June 2020	**–**	**67**	**339**	**406**
Additions*	–	5	359	364
Depreciation charge for the year	–	(20)	(192)	(212)
Lease termination	–	(2)	(53)	(55)
Currency translation	–	(2)	(23)	(25)
At 30 June 2021	**–**	**48**	**430**	**478**

* Additions comprise increases to right-of-use assets as a result of entering into new leases.

Lease liabilities

Lease liabilities recognised at 30 June 2021 total £661,000 (2020: £637,000) of which £226,000 (2020: £220,000) is due within one year and £435,000 (2020: £417,000) due after more than one year. There are no contractual options to either extend or terminate early lease agreements.

20 LEASE LIABILITIES CONTINUED

Maturity analysis

The timing of the payments due over the remaining lease term for these liabilities is as follows:

2021	Total £'000
Within one year	226
More than one but less than five years	434
More than five years	1
Total due including interest	**661**

The total cash paid on these leases during the year was £349,000.

2021	£'000
Expense relating to short-term leases	146
Expense relating to low value leases	12

21 PENSION SCHEME

The Group operates a funded hybrid pension scheme for employees in the UK. The scheme is approved by H.M. Revenue and Customs 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.

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 2021 amounted to £614,000 (2020: £616,000). 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 30 June 2018, and at that date the value of the fund was £39,556,000. This was sufficient to cover 102% 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	3.40%
Salary increases	5.05%
Discount rate	2.60%
Revaluation for deferred pensioners	2.60%

21 PENSION SCHEME CONTINUED

The figures at 30 June 2018 have been updated as at the Statement of Financial Position dates in order to assess the additional disclosures required under IAS 19 as at 30 June 2021 by an independent qualified actuary using the following major assumptions:

	2021	2020	2019	2018	2017
Price inflation	**3.50%**	3.30%	3.50%	3.40%	3.50%
Salary increases	**3.50%**	3.30%	3.50%	3.40%	3.50%
Discount rate	**1.80%**	1.40%	2.10%	2.70%	2.60%
Revaluation for deferred pensioners	**2.80%**	2.30%	2.50%	2.40%	2.50%
Pension increases in payment of 5% pa or RPI if less	**3.30%**	3.10%	3.30%	3.20%	3.30%
Pension increases in payment of 2.5% pa or RPI if less	**2.20%**	2.10%	2.20%	2.10%	2.20%
Life expectancy at age 65 – men	**22.1 years**	22.5 years	22.5 years	23.1 years	23.0 years
Life expectancy at age 65 in 20 years – men	**23.4 years**	23.6 years	23.5 years	24.8 years	24.7 years
Life expectancy at age 65 – women	**24.3 years**	24.7 years	24.7 years	25.4 years	25.3 years
Life expectancy at age 65 in 20 years – women	**25.4 years**	25.9 years	25.9 years	27.2 years	27.1 years

The Statement of Financial Position figures required under IAS 19 are as follows:

	30 June 2021		30 June 2020		30 June 2019		30 June 2018		30 June 2017	
	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	**1.8%**	**13,269**	1.4%	11,003	2.70%	12,570	2.70%	13,154	2.60%	12,152
Bonds	**1.8%**	**26,458**	1.4%	29,549	2.70%	26,618	2.70%	24,769	2.60%	25,859
Other	**1.8%**	**2,832**	1.4%	2,300	2.70%	2,387	2.70%	1,665	2.60%	413
Total market value of assets		**42,559**		42,852		41,575		39,588		38,424
Present value of scheme liabilities		**(40,350)**		(42,583)		(39,437)		(37,259)		(37,710)
Surplus in the scheme		**2,209**		269		2,138		2,329		714

Amounts recognised in Statement of Financial Position

The amounts recognised in the Statement of Financial Position are determined as follows:

	2021 £'000	2020 £'000
Present value of funded obligations	**(40,350)**	(42,583)
Fair value of plan assets	**42,559**	42,852
Surplus in the scheme	**2,209**	269
Less restriction of surplus recognised in the Statement of Financial Position	**(2,209)**	(269)
Asset recognised in the Statement of Financial Position	**–**	–

21 PENSION SCHEME CONTINUED

Movement in defined benefit obligation

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

	2021 £'000	2020 £'000
At 1 July	**(42,583)**	(39,437)
Current service cost	**(432)**	(446)
Interest cost	**(583)**	(818)
Contributions by plan participants	**(272)**	(328)
Actuarial loss	**964**	(3,302)
Benefits paid	**2,556**	1,748
At 30 June	**(40,350)**	(42,583)

Movement in the fair value of the plan assets

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

	2021 £'000	2020 £'000
At 1 July	**42,852**	41,575
Expected return in plan assets	**588**	864
Actuarial gains	**789**	1,217
Employer contributions	**614**	616
Employee contributions	**272**	328
Benefits paid	**(2,556)**	(1,748)
At 30 June	**42,559**	42,852

Amounts recognised in Income Statement

The amounts recognised in the Income Statement are as follows:

	2021 £'000	2020 £'000
Current service cost	**432**	446

Actuarial loss recognised in Statement of Comprehensive Income for the year

	2021 £'000	2020 £'000
Actual return less expected return on pension scheme assets	**789**	1,217
Experience losses arising on the scheme liabilities	**(951)**	(171)
Changes in assumptions underlying the present value on the scheme liabilities	**1,915**	(3,131)
Net interest income	**5**	46
Restriction of decrease in pension scheme surplus	**(1,940)**	1,869
Actuarial loss recognised in the Statement of Comprehensive Income	**(182)**	(170)

	2021 £'000	2020 £'000
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 1 July	**(6,486)**	(4,447)
Actuarial gain/(loss) recognised in the Statement of Comprehensive Income for the year	**1,758**	(2,039)
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 30 June	**(4,728)**	(6,486)

21 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 light of the non-recognition of the pension scheme surplus, the recovery plan liability of £189,000 (2020: £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 Statement of Financial Position 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 ended 30 June 2021 was £1,377,000 (2020: £2,081,000) or 3.2% (2020: 3.1%). The Group expects to pay £602,000 contributions (2020: £634,000) into the pension scheme during the forthcoming year.

History of experience gains and losses recognised in the Statement of Comprehensive Income

	2021		2020		2019		2018		2017	
	£'000	**%**	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	**789**		1,217		1,755		592		2,121	
Percentage of scheme assets		**2%**		3%		4%		1.5%		6%
Experience (loss)/gain on scheme liabilities	**(951)**		(171)		(294)		214		(1,129)	
Percentage of the present value of scheme liabilities		**2%**		0%		1%		(0.6%)		3%
Changes in assumptions underlying the present value of the scheme liabilities	**1,915**		(3,131)		(1,901)		632		(2,254)	
Percentage of the present value of scheme liabilities		**(5%)**		7%		5%		(1.7%)		6%
Movement in recovery plan liability	**–**		–		–		–		–	
Percentage of the present value of scheme liabilities		**0%**		0%		0%		0%		0%
Net interest income	**5**		46		66		21		51	
Percentage of the present value of scheme liabilities		**0%**		0%		0%		0%		0%
Amount which has been recognised in the SOCI	**1,758**		(2,039)		(374)		1,459		(1,211)	
Percentage of the present value of scheme liabilities		**4%**		5%		1%		4%		3%

Sensitivity analysis

The impact on the defined benefit obligation of changes in the significant assumptions is shown approximately below:

Assumption varied	Defined benefit obligation £m
As at 30 June 2021	40.4
Discount rate 0.5% p.a. higher	38.3
Increase in salaries 0.5% p.a. higher	40.5
Pension increase (in payment and in deferment) 0.5% p.a. higher	41.5
Life expectancy one year longer	41.5

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	Group			Company		
	WEEE provision £'000	Warranty provision £'000	Total £'000	WEEE provision £'000	Warranty provision £'000	Total £'000
At 1 July 2019	102	2,302	2,404	102	364	466
Additions	–	559	559	–	368	368
Utilisation	–	(200)	(200)	–	(39)	(39)
Surplus	–	(65)	(65)	–	–	–
Currency translation	–	23	23	–	–	–
At 1 July 2020	102	2,619	2,721	102	693	795
Additions	–	611	611	–	432	432
Utilisation	–	(478)	(478)	–	(419)	(419)
Surplus	(102)	(428)	(530)	(102)	–	(102)
Currency translation	–	(82)	(82)	–	–	–
At 30 June 2021	**–**	**2,242**	**2,242**	**–**	**706**	**706**

	Group		Company	
Analysis of total provisions	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Non-current	**2,242**	2,721	**706**	795
Total	**2,242**	2,721	**706**	795

WEEE provision

A potential liability was previously assessed 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. The assessment was updated at the date of the financial statements where it was determined that no liability exists, consequently the provision was released.

Warranty provision

The usual warranty period provided by Group companies is between 5 and 10 years ,dependant on market requirements, and the provision for warranty is based on expected claims over the remaining warranty period. This is calculated in accordance with the accounting policy estimates section included in note 1.

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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Deferred tax assets	**–**	–	**–**	–
Deferred tax liabilities	**(1,591)**	(601)	**(956)**	(398)
Net deferred tax liabilities	**(1,591)**	(601)	**(956)**	(398)

23 DEFERRED INCOME TAX CONTINUED

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

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Beginning of year	**(601)**	(699)	**(398)**	(493)
Adoption of IFRS 16	**–**	5	**–**	1
Income statement (charged)/credited	**(765)**	81	**(373)**	71
Tax (charged)/credited directly to equity	**(236)**	13	**(185)**	23
Currency translation	**11**	(1)	**–**	–
End of year	**(1,591)**	(601)	**(956)**	(398)

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:

Deferred tax asset	Accelerated tax depreciation £'000	Total £'000
At 1 July 2019	–	–
Charged to the income statement	–	–
At 1 July 2020	–	–
Charged to the income statement	–	–
At 30 June 2021	**–**	**–**

Deferred tax liabilities	Accelerated tax depreciation £'000	Research & development £'000	Fair value & other timing differences £'000	Total £'000
At 1 July 2019	150	668	(119)	699
Adoption of IFRS 16	–	–	(5)	(5)
Charged/(credited) to the income statement	107	(100)	(88)	(81)
(Charged)/credited directly to equity	13	69	(95)	(13)
Currency translation	–	1	–	1
At 1 July 2020	270	638	(307)	601
Charged/(credited) to the income statement	253	(13)	525	765
(Charged)/credited directly to equity	80	193	(37)	236
Currency translation	(10)	(2)	1	(11)
At 30 June 2021	**593**	**816**	**182**	**1,591**

23 DEFERRED INCOME TAX CONTINUED

The movement in the Company deferred income tax liabilities during the year is as follows:

Deferred tax liabilities	Accelerated tax depreciation £'000	Research & development £'000	Fair value & other timing differences £'000	Total £'000
At 1 July 2019	112	501	(120)	493
Adoption of IFRS 16	–	–	(1)	(1)
Charged/(credited) to the income statement	58	(45)	(84)	(71)
Charged/(credited) directly to equity	13	59	(95)	(23)
At 1 July 2020	183	515	(300)	398
Charged/(credited) to the income statement	204	(52)	221	373
Charged/(credited) directly to equity	57	163	(35)	185
At 30 June 2021	**444**	**626**	**(114)**	**956**

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

	Group		Company	
Deferred tax (charged)/credited to equity	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Tax on revaluation of financial assets at fair value through other comprehensive income	**(236)**	13	**(185)**	23
	(236)	13	**(185)**	23

24 SHARE CAPITAL

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Authorised, allotted and fully paid				
118,935,590 ordinary shares of 1p each (2020: 118,935,590 ordinary shares of 1p each)	**1,189**	1,189	**1,189**	1,189

The ordinary shareholders each have one vote per share.

	Group and Company		Group and Company	
Movements in treasury shares included in share capital	**2021 £'000**	2020 £'000	**2021 No. of shares**	2020 No. of shares
At 1 July	**26**	28	**2,605,093**	2,814,932
Shares issued from treasury	**(3)**	(2)	**(331,524)**	(209,839)
At 30 June	**23**	26	**2,273,569**	2,605,093

There were no new shares issued during the year (2020: nil). 331,524 (2020: 209,839) shares were issued from treasury for the exercise of share options, of which the Company repurchased none (2020: nil). There are 683,423 (2020: 1,044,482) share options outstanding at the year end.

25 OTHER RESERVES

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Share premium account	**1,960**	1,526	**1,960**	1,526
Capital redemption reserves	**137**	137	**137**	137
Foreign currency translation reserve	**2,076**	2,764	**–**	–
	4,173	4,427	**2,097**	1,663

26 DIVIDENDS

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

Dividends paid (pence per share)	2021	2020
Final dividend	**4.20**	4.10
Interim dividend	**1.49**	1.46
Total	**5.69**	5.56

A final dividend in respect of the year ended 30 June 2021 of 4.31p per share, amounting to £5,028,000 (2020: £4,886,000) and a special dividend of 2.20p, amounting to £2,567,000 (2020: £nil) are to be proposed at the Annual General Meeting on 18 November 2021 and, if approved, will be paid on 25 November 2021 to shareholders on the register on 29 October 2021. The ex-dividend date is 28 October 2021. These financial statements do not reflect this dividend payable.

Dividends proposed (pence per share)	2021	2020
Final dividend	**4.31**	4.20
Special dividend	**2.20**	–

Dividends paid	2021 £'000	2020 £'000
Final dividend	**4,895**	4,770
Interim dividend	**1,736**	1,698
Total	**6,631**	6,468

Dividends proposed	2021 £'000	2020 £'000
Final dividend	**5,028**	4,886
Special dividend	**2,567**	–

27 SHARE BASED PAYMENT CHARGE

Equity settled scheme

The Group operates 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. The Group also operates a Save As You Earn (SAYE) scheme for UK based employees that matures in October 2021. 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 grant date. The application of IFRS 2 gave rise to a charge of £47,000 (2020: £60,000) for the year.

At 30 June 2021, there were 683,423 options exercisable (2020: 1,044,482) under the ESOP or SAYE schemes.

27 SHARE BASED PAYMENT CHARGE CONTINUED

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

	ESOP Scheme		SAYE Scheme		Total
	Options	Exercise price (p/s)	Options	Exercise price (p/s)	Options
Outstanding at 1 July 2020	640,322	124	404,160	209	1,044,482
Exercised during the year	(305,322)	124	(26,202)	209	(331,524)
Forfeited during the year	(20,000)	–	(9,535)	–	(29,535)
Outstanding at 30 June 2021	**315,000**	**124**	**368,423**	**209**	**683,423**

The weighted average contractual life of the share based payments outstanding at the end of the year is 3.3 years for the ESOP scheme and 0.8 years for the SAYE scheme.

b) Fair value calculations

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

	ESOP Scheme	SAYE Scheme
Method used	Black–Scholes	Black–Scholes
Date of grant	24 October 2014	15 July 2016
Share price at date of grant (p/s)	124	233
Exercise price (p/s)	124	209
Expected option life (years)	3 – 7	5
Vesting period (years)	3 – 7	5
Expected volatility	23% – 28%	27%
Expected dividend yield	3.02%	1.90%
Risk free rate	1.06% – 1.90%	0.91%
Fair value per share (p/s)	18.61 – 21.07	54.84

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. and Famostar Emergency Lighting 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 43% of the share appreciation rights 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 settlement date. The application of IFRS 2 gave rise to a charge of £1,384,000 (2020: £1,151,000) for the year. The total liability at 30 June 2021 was £4,135,000 (2020: £2,752,000).

The fair value of the share based payment (being calculated by estimating the additional payment due to the relevant employees), was reviewed during the year based on current performance. This review resulted in an annual increase in the share based payment charge of £501,000 (2020: £317,000).

28 CASH GENERATED FROM OPERATIONS

	Group		Company	
	2021	2020	**2021**	2020
Cash generated from continuing operations	**£'000**	£'000	**£'000**	£'000
Profit before income tax	**20,141**	15,943	**15,298**	14,117
Depreciation charge	**3,316**	3,221	**1,885**	1,777
Depreciation of investment property	**20**	19	**240**	238
Amortisation of intangibles	**2,328**	2,577	**1,599**	1,590
(Profit)/loss on disposal of property, plant and equipment	**(115)**	(118)	**(98)**	(109)
Loss on disposal of investment property	**–**	–	**11**	–
Exceptional item in respect of Lightronics fire	**(1,566)**	–	**–**	–
Insurance proceeds re inventory lost in fire	**5**	–	**–**	–
Insurance proceeds re other costs	**318**	–	**–**	–
Net finance expense/(income)	**652**	389	**(4,292)**	(4,961)
Retirement benefit contributions in excess of current and past service charge	**(182)**	(170)	**(182)**	(170)
Share based payment charge	**1,429**	1,211	**1,429**	1,211
Research and development expenditure credit	**(289)**	(249)	**(183)**	(174)
Effects of exchange rate movements	**1,114**	(219)	**1,245**	(81)
Changes in working capital				
– Inventories	**4,878**	238	**5,386**	1,439
– Trade and other receivables	**(7,287)**	571	**(7,612)**	(1,358)
– Payables and provisions	**964**	(182)	**3,727**	(561)
Total cash generated from operations	**25,726**	23,231	**18,453**	12,958

29 CAPITAL COMMITMENTS

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Property, plant and equipment	**2,303**	46	**169**	45

Capital expenditure contracted for at the statement of financial position date but not yet incurred includes £2,034,000 for the rebuild of the Lightronics building.

30 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 £3,764,000 (2020: £3,243,000) of fixed rate listed investments included in financial assets at fair value through other comprehensive income 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. There have been no changes to valuation techniques or movements between levels of the hierarchy in the year.

30 FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

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

Group	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2021			
Financial assets at amortised cost	**2,546**	**–**	**2,546**
Financial assets at fair value through other comprehensive income	**–**	**3,764**	**3,764**
Trade and other receivables	**27,581**	**–**	**27,581**
Short-term financial assets	**23,603**	**–**	**23,603**
Cash and cash equivalents	**52,268**	**–**	**52,268**
Total	**105,998**	**3,764**	**109,762**

Group	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2020			
Financial assets at amortised cost	2,425	–	2,425
Financial assets at fair value through other comprehensive income	–	3,772	3,772
Trade and other receivables	19,886	–	19,886
Short-term financial assets	18,580	–	18,580
Cash and cash equivalents	44,422	–	44,422
Total	85,313	3,772	89,085

Company	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2021			
Financial assets at amortised cost	**10,827**	**–**	**10,827**
Financial assets at fair value through other comprehensive income	**–**	**3,764**	**3,764**
Trade and other receivables	**28,010**	**–**	**28,010**
Short-term financial assets	**23,603**	**–**	**23,603**
Cash and cash equivalents	**47,064**	**–**	**47,064**
Total	**109,504**	**3,764**	**113,268**

30 FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

Company	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2020			
Assets as per statement of financial position			
Financial assets at amortised cost	12,963	–	12,963
Financial assets at fair value through other comprehensive income	–	3,772	3,772
Trade and other receivables	21,147	–	21,147
Short-term financial assets	18,580	–	18,580
Cash and cash equivalents	37,218	–	37,218
Total	89,908	3,772	93,680

The above analysis excludes prepayments.

	Group		Company	
Liabilities as per statement of financial position	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Trade and other payables (excluding statutory liabilities)	**20,316**	18,188	**16,599**	14,299
Deferred consideration	**16,593**	15,550	**15,694**	12,429
Other payables	**78**	67	**–**	–
Financial lease liabilities	**661**	637	**–**	–

Non current financial liabilities are lease liabilities (see note 20 for maturity analysis) and post employment benefits.

Financial liabilities are measured at amortised cost.

Contractual cash flows relating to current financial liabilities are all due within one year, and are equal to their carrying value. Included in other payables (deferred consideration) is an interest bearing loan, of which the principal amount of €1,047,000 (£899,000) is due for repayment within one year. Interest is contractually due to be paid annually until maturity, and is estimated at current rates to be €52,000 (£45,000) per year. Furthermore liabilities arising to repurchase share appreciation rights are non-interest bearing are all due within one year.

The Group and Company did not have derivative financial instruments at 30 June 2021 or 30 June 2020. All assets and liabilities above are considered to be at fair value.

31 RELATED PARTY TRANSACTIONS

The following amounts relate to transactions between the Company and its related undertakings:

2021	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	**509**	**82**	**42**	**–**	**300**
Solite Europe Limited	**1,314**	**386**	**202**	**–**	**250**
Portland Lighting Limited	**202**	**7**	**75**	**–**	**200**
TRT Lighting Limited	**2,477**	**1,246**	**20**	**–**	**–**
Thorlux Lighting L.L.C.	**–**	**312**	**11**	**–**	**–**
Lightronics Participaties B.V.	**140**	**652**	**–**	**–**	**2,512**
Thorlux Australasia PTY Limited	**–**	**614**	**–**	**–**	**–**
Thorlux Lighting GmbH	**–**	**–**	**–**	**506**	**–**
Famostar Emergency Lighting B.V.	**–**	**6**	**–**	**–**	**–**

2020	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	648	145	86	–	600
Solite Europe Limited	537	259	178	–	600
Portland Lighting Limited	–	–	67	–	650
TRT Lighting Limited	2,028	1,235	223	–	–
Thorlux Lighting L.L.C.	–	405	–	–	–
Lightronics Participaties B.V.	125	359	–	–	1,776
Thorlux Australasia PTY Limited	–	756	–	–	–
Thorlux Lighting GmbH	–	–	–	471	–
Famostar Emergency Lighting B.V.	–	4	–	–	–

31 RELATED PARTY TRANSACTIONS CONTINUED

Trading 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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Philip Payne Limited	**(628)**	(639)	**12**	61
Solite Europe Limited	**(793)**	(773)	**35**	159
Portland Lighting Limited	**(578)**	(400)	**9**	36
TRT Lighting Limited	**(310)**	(465)	**297**	819
Thorlux Lighting L.L.C.	**–**	–	**381**	238
Lightronics Participaties B.V.	**(31)**	(16)	**5,905**	4,782
Thorlux Australasia PTY Limited	**–**	–	**1,645**	1,802
Thorlux Lighting GmbH	**(143)**	(92)	**–**	–
Famostar Emergency Lighting B.V.	**–**	–	**786**	353
Total	**(2,483)**	(2,385)	**9,070**	8,250

Trading balances arise from transactions of goods and services carried out under normal commercial terms. The Company has loan balances due from Lightronics Participaties B.V. of €8,549,000 (£7,341,000) (2020: €10,626,000 (£9,680,000)) and Thorlux Lighting L.L.C. £1,590,000 (2020: £1,118,000). The Company has made provisions for receivables due from Thorlux Australasia PTY Limited of £643,000 (2020: £497,000) and £914,000 (2020: £703,000) due from Thorlux Lighting L.L.C.

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 67 to 70. There are 2 employees who are related parties (2020: 2). Total remuneration for the year was £94,000 (2020: £93,000).

The Company owns 40% of the share capital of Luxintec S.L., a company registered in Spain. During the year the Company sold goods to Luxintec S.L. amounting to £367,000 (2020: £7,000), purchased goods and services amounting to £31,000 (2020: £453,000). At the year end there were trade balances due to Luxintec S.L. of £21,000 (2020: £60,000) and £341,000 due from Luxintec S.L. (2020: £nil). During the year a new loan of €869,000 was provided to Luxintec S.L. with interest payable at 1.5% secured against the company's assets. The loan balance including interest at the year end was €873,000 (£750,000) (see note 12).

32 GROUP COMPANIES

The parent Company has the following investments as at 30 June 2021 and 30 June 2020:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by Group and Company 30 June 2021	30 June 2020
Compact Lighting Limited	England	Ordinary £1 shares	**100%**	100%
Philip Payne Limited	England	Ordinary £1 shares	**100%**	100%
Solite Europe Limited	England	Ordinary £1 shares	**100%**	100%
Portland Lighting Limited	England	Ordinary £1 shares	**100%**	100%
TRT Lighting Limited	England	Ordinary £1 shares	**100%**	100%
Lightronics Participaties B.V.	Netherlands	Ordinary €0.01 shares	**100%**	100%
Lightronics B.V.	Netherlands	Ordinary €454 shares	**100%**	100%
Thorlux Lighting GmbH	Germany	Ordinary €1 shares	**100%**	100%
Thorlux Australasia PTY Limited	Australia	Ordinary $1 shares	**100%**	100%
Thorlux Lighting L.L.C.	United Arab Emirates	Ordinary AED 1,000 shares	**49%**	49%
Famostar Emergency Lighting B.V. (investment held by Lightronics Participaties B.V.)	Netherlands	Ordinary €100 shares	**100%**	100%
Luxintec S.L.	Spain	Ordinary €1 shares	**40%**	40%
Thorlux Lighting Limited	Ireland	Ordinary €1 shares	**100%**	100%

The registered office addresses of these Group companies are:	
Compact Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Philip Payne Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Solite Europe Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Portland Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
TRT Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Lightronics Participaties B.V.	Spuiweg 19, 5145 NE Waalwijk, Netherlands
Lightronics B.V.	Spuiweg 19, 5145 NE Waalwijk, Netherlands
Thorlux Lighting GmbH	Bahnhofstrasse 72, 27404 Zeven, Germany
Thorlux Australasia PTY Limited	31 Cross Street, Brookvale, NSW 2100, Australia
Thorlux Lighting L.L.C.	Office No. 2, Ghantoot International Building, Plot No: M.14-26, Musaffah Industrial Area, PO Box 108168, Abu Dhabi, United Arab Emirates
Famostar Emergency Lighting B.V.	Florijnweg 8 6883JP Velp, Netherlands
Luxintec S.L.	Polígono Industrial La Encomienda, C/ Atlas 12-14, 47195 Arroyo de la Encomienda, Valladolid, Spain
Thorlux Lighting Limited	Unit G6 Riverview Business Park, Nangor Road, Gallanstown, Dublin 12, Ireland

32 GROUP COMPANIES CONTINUED

The principal activities of these Group companies are:

Compact Lighting Limited	– non-trading entity
Philip Payne Limited	– design and manufacture of illuminated signs
Solite Europe Limited	– design and manufacture of clean room lighting equipment
Portland Lighting Limited	– design and manufacture of lighting for signs
TRT Lighting Limited	– design and manufacture of lighting for roads and tunnels
Lightronics Participaties B.V.	– holding company
Lightronics B.V.	– design and manufacture of external and impact resistant lighting
Thorlux Lighting GmbH	– sales support function
Thorlux Australasia PTY Limited	– sale of lighting equipment to industrial and commercial markets
Thorlux Lighting L.L.C.	– sale of lighting equipment to industrial and commercial markets
Famostar Emergency Lighting B.V.	– design and manufacture of illuminated signs
Luxintec S.L.	– design and manufacture of LED luminaires and lenses
Thorlux Lighting Limited	– sale of lighting equipment to industrial and commercial markets

For the year ended 30 June 2021, Compact Lighting Limited, Philip Payne Limited, Solite Europe Limited and Portland Lighting Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the subsidiary company is subject. The Company registration number for Compact Lighting Limited is 02649528, for Philip Payne Limited it is 01361523, for Solite Europe Limited it is 02295852 and for Portland Lighting Limited it is 02826511.

33 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 21 September 2021 the Group completed its commitment to purchase the outstanding share appreciation rights in the subsidiaries Lightronics Participaties B.V. and Famostar Emergency Lighting B.V. The settlement was executed by a cash payment of the outstanding liability.

On the 4 October 2021, the Group acquired 63% of the share capital of Electrozemper S.A. (Zemper), an emergency lighting specialist in Spain. The company was acquired by F W Thorpe Plc for initial consideration of €20.3m (£17.5m), plus €4.2m (£3.6m) for cash, working capital and property adjustments, with an additional €1.1m (£1.0m) payable subject to EBITDA performance 2021/22. The acquisition has been funded from the cash reserves of FW Thorpe Plc.

For the financial year to June 2021, Zemper achieved revenue of €20.3m (£17.4m) and operating profit of €3.8m (£3.3m). A fair value exercise will be performed in the next 12 months to determine the value of goodwill and other intangible assets that have arisen from this acquisition.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of FW Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH on 18 November 2021 at 3:15 pm to transact the business set out below.

ORDINARY BUSINESS

1. To receive and adopt the Annual Report and Accounts for the year ended 30 June 2021.
2. To declare a final dividend.
3. To declare a special dividend.
4. To re-elect Mr D Taylor as a director.
5. To re-elect Mr C Muncaster as a director.
6. To re-elect Mr P D Mason as a director.
7. 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 8 as an ordinary resolution and in the case of 9 as a special resolution.

8. That the directors' remuneration report (as set out on pages 67 to 70 of the Annual Report and Accounts) for the year ended 30 June 2021 be approved.
9. 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 2022; 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. If you wish to inspect these documents, please contact the Company at shareholders@fwthorpe.co.uk.
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 6.30 pm on 16 November 2021 (or, in the event of any adjournment, 6.30 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 16 November 2021 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.
7. 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 16 November 2021 (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.
8. 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.
9. 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).
10. As at 5 October 2021 (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 2,273,569 shares held in treasury, the total voting rights in the Company as at 5 October 2021 are 116,662,021.

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

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary

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

5 October 2021

Financial Calendar

2021	
12 October	Posting of the Annual Report and Accounts
18 November	Annual General Meeting
25 November	Payment of final dividend
2022	
March	Announcement of interim results
March	Payment of interim dividend
September	Announcement of results for the year