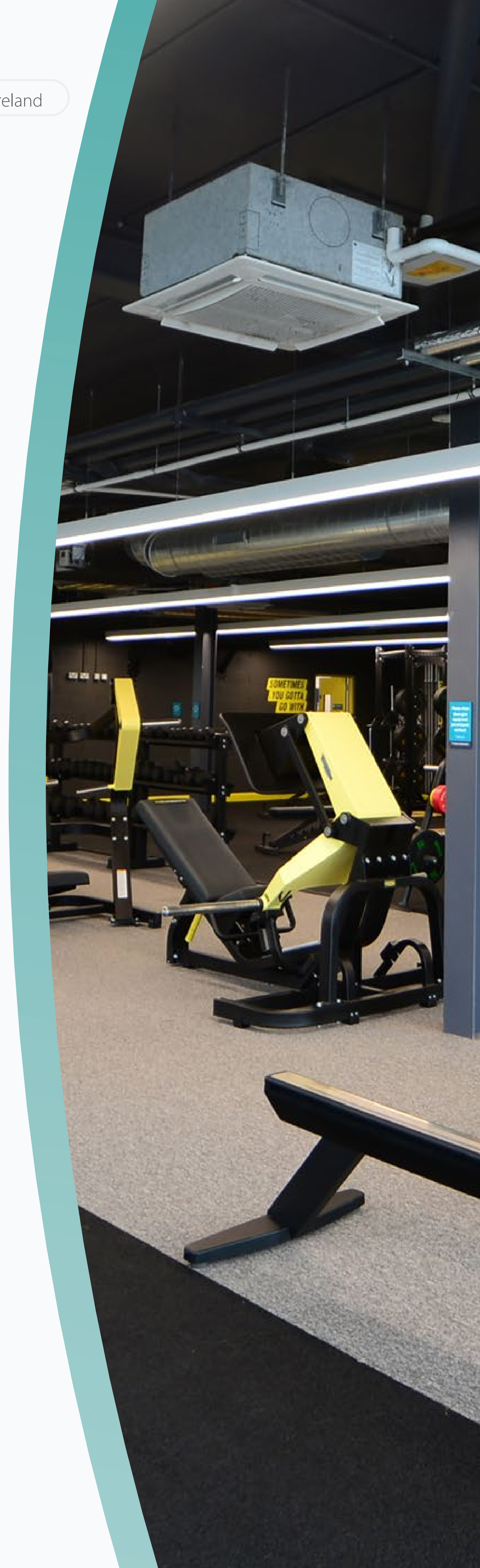
Image: Lahinch Leisure Centre, Ireland



Financial Report.

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Consolidated income statement.

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Continuing operations			
Revenue	2	176,749	143,715
Cost of sales		(98,891)	(80,440)
Gross profit		77,858	63,275
Distribution costs		(19,214)	(15,501)
Administrative expenses		(31,292)	(23,482)
Other operating income		480	423
Operating profit	3	27,832	24,715
Finance income	5	716	527
Finance expense	5	(1,094)	(1,367)
Share of (loss)/profit of joint ventures	13	(520)	228
Profit before income tax		26,934	24,103
Income tax expense	6	(5,000)	(4,030)
Profit for the year		21,934	20,073

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	2023 pence	2022 pence
– Basic	7	18.72	17.16
– Diluted	7	18.70	17.13

The notes on pages 114 to 163 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 2023

	Notes	2023 £'000	2022 £'000
Profit for the year:		21,934	20,073
Other comprehensive income/(expenses)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		231	(268)
		231	(268)
Items that will not be reclassified to profit or loss			
Revaluation of financial assets at fair value through other comprehensive income	14	(105)	(57)
Movement on associated deferred tax	24	26	14
Actuarial (loss)/gain on pension scheme	22	(123)	953
Movement on unrecognised pension scheme surplus	22	177	(1,143)
		(25)	(233)
Other comprehensive income/(expense) for the year, net of tax		206	(501)
Total comprehensive income for the year		22,140	19,572

The notes on pages 114 to 163 form part of these financial statements.

Consolidated and company statements of financial position.

As at 30 June 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Assets					
Non-current assets					
Property, plant and equipment	8	38,763	33,818	11,745	11,070
Intangible assets	9	70,891	51,865	3,060	3,531
Investments in subsidiaries	10	–	–	20,486	20,486
Investment property	11	1,986	1,984	9,736	9,967
Financial assets at amortised cost	12	1,587	1,124	240	31,882
Equity accounted investments and joint arrangements	13	5,592	6,112	–	–
Financial assets at fair value through other comprehensive income	14	3,364	3,470	3,334	3,439
Deferred income tax assets	24	382	120	–	–
Total non-current assets		122,565	98,493	48,601	80,375
Current assets					
Inventories	15	33,437	32,758	15,425	16,976
Trade and other receivables	16	35,733	33,018	26,610	24,480
Financial assets at amortised cost	12	1,266	1,800	51,886	1,800
Short-term financial assets	17	4	5,079	–	5,075
Cash and cash equivalents	18	35,013	35,505	25,527	28,221
Total current assets		105,453	108,160	119,448	76,552
Total assets		228,018	206,653	168,049	156,927
Liabilities					
Current liabilities					
Trade and other payables	19	(37,457)	(35,801)	(23,102)	(22,425)
Financial liabilities	20	(1,435)	(332)	–	–
Lease liabilities	21	(812)	(506)	(7)	–
Current income tax liabilities		(1,143)	(641)	–	–
Total current liabilities		(40,847)	(37,280)	(23,109)	(22,425)
Net current assets		64,606	70,880	96,339	54,127
Non-current liabilities					
Other payables	19	(11,987)	(12,880)	–	–
Financial liabilities	20	(1,461)	(1,830)	–	–
Lease liabilities	21	(3,822)	(2,510)	(19)	–
Provisions for liabilities and charges	23	(3,299)	(2,536)	(1,133)	(879)
Deferred income tax liabilities	24	(6,261)	(4,264)	(1,259)	(883)
Total non-current liabilities		(26,830)	(24,020)	(2,411)	(1,762)
Total liabilities		(67,677)	(61,300)	(25,520)	(24,187)
Net assets		160,341	145,353	142,529	132,740
Equity					
Issued share capital	25	1,189	1,189	1,189	1,189
Share premium account	26	2,976	2,827	2,976	2,827
Capital redemption reserve	26	137	137	137	137
Foreign currency translation reserve	26	2,039	1,808	–	–
Retained earnings					
At 1 July		139,392	131,631	128,587	127,301
Profit for the year attributable to the owners		21,934	20,073	16,966	13,598
Other changes in retained earnings		(7,326)	(12,312)	(7,326)	(12,312)
		154,000	139,392	138,227	128,587
Total equity		160,341	145,353	142,529	132,740

The notes on pages 114 to 163 form part of these financial statements.

The financial statements on pages 108 to 113 were approved by the Board on 12 October 2023 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 2023

	Notes	Issued share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021		1,189	1,960	137	2,076	131,631	136,993
Comprehensive income							
Profit for the year to 30 June 2022		–	–	–	–	20,073	20,073
Actuarial gain on pension scheme	22	–	–	–	–	953	953
Movement on unrecognised pension scheme surplus	22	–	–	–	–	(1,143)	(1,143)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	(57)	(57)
Movement on associated deferred tax	24	–	–	–	–	14	14
Exchange differences on translation of foreign operations		–	–	–	(268)	–	(268)
Total comprehensive income		–	–	–	(268)	19,840	19,572
Transactions with owners							
Shares issued from exercised options		–	867	–	–	–	867
Dividends paid to shareholders	27	–	–	–	–	(12,079)	(12,079)
Total transactions with owners		–	867	–	–	(12,079)	(11,212)
Balance at 30 June 2022		1,189	2,827	137	1,808	139,392	145,353
Comprehensive income							
Profit for the year to 30 June 2023		–	–	–	–	21,934	21,934
Actuarial loss on pension scheme	22	–	–	–	–	(123)	(123)
Movement on unrecognised pension scheme surplus	22	–	–	–	–	177	177
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	(105)	(105)
Movement on associated deferred tax	24	–	–	–	–	26	26
Exchange differences on translation of foreign operations		–	–	–	231	–	231
Total comprehensive income		–	–	–	231	21,909	22,140
Transactions with owners							
Shares issued from exercised options		–	149	–	–	–	149
Dividends paid to shareholders	27	–	–	–	–	(7,301)	(7,301)
Total transactions with owners		–	149	–	–	(7,301)	(7,152)
Balance at 30 June 2023		1,189	2,976	137	2,039	154,000	160,341

The notes on pages 114 to 163 form part of these financial statements.

Company statement of changes in equity.

For the year ended 30 June 2023

	Notes	Issued share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021		1,189	1,960	137	127,301	130,587
Comprehensive income						
Profit for the year to 30 June 2022		–	–	–	13,598	13,598
Actuarial gain on pension scheme	22	–	–	–	953	953
Movement on unrecognised pension scheme surplus	22	–	–	–	(1,143)	(1,143)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	(57)	(57)
Movement on deferred tax associated to financial assets at fair value through other comprehensive income	24	–	–	–	14	14
Total comprehensive income		–	–	–	13,365	13,365
Transactions with owners						
Shares issued from exercised options		–	867	–	–	867
Dividends paid to shareholders	27	–	–	–	(12,079)	(12,079)
Total transactions with owners		–	867	–	(12,079)	(11,212)
Balance at 30 June 2022		1,189	2,827	137	128,587	132,740
Comprehensive income						
Profit for the year to 30 June 2023		–	–	–	16,966	16,966
Actuarial loss on pension scheme	22	–	–	–	(123)	(123)
Movement on unrecognised pension scheme surplus	22	–	–	–	177	177
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	(105)	(105)
Movement on deferred tax associated to financial assets at fair value through other comprehensive income	24	–	–	–	26	26
Total comprehensive income		–	–	–	16,941	16,941
Transactions with owners						
Shares issued from exercised options		–	149	–	–	149
Dividends paid to shareholders	27	–	–	–	(7,301)	(7,301)
Total transactions with owners		–	149	–	(7,301)	(7,152)
Balance at 30 June 2023		1,189	2,976	137	138,227	142,529

The notes on pages 114 to 163 form part of these financial statements.

Consolidated and company statements of cash flows.

For the year ended 30 June 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash flows from operating activities					
Cash generated from operations	29	36,216	24,789	22,506	14,982
Tax paid		(4,341)	(5,049)	(1,294)	(1,568)
Net cash generated from operating activities		31,875	19,740	21,212	13,414
Cash flows from investing activities					
Purchases of property, plant and equipment		(7,739)	(5,510)	(2,699)	(2,024)
Proceeds from sale of property, plant and equipment		535	423	369	301
Purchases of intangible assets		(2,255)	(2,366)	(993)	(1,234)
Purchases of subsidiaries (net of cash acquired)		(12,602)	(14,625)	–	(3)
Purchase of shares in subsidiaries		(6,445)	(15,219)	–	(15,219)
Purchase of investment property		(22)	(36)	(22)	(36)
Net sale of financial assets at fair value through other Comprehensive Income		1	268	–	268
Investment in joint venture		–	(4,958)	–	–
Property rental and similar income		93	113	431	451
Dividend income		209	246	1,059	946
Net withdrawal of short-term financial assets		5,075	18,524	5,075	18,528
Interest received		434	218	483	277
Receipts from loans receivable		1,813	–	2,524	–
Issue of loans receivables		(1,748)	(806)	(22,885)	(23,387)
Net cash used in investing activities		(22,651)	(23,728)	(16,658)	(21,132)
Cash flows from financing activities					
Net proceeds from the issuance of ordinary shares		149	867	149	867
Addition of lease liabilities		203	236	–	–
Proceeds from borrowings		1,039	–	–	–
Repayment of borrowings		(2,532)	(1,271)	–	–
Principal element of lease payments		(789)	(535)	(5)	–
Payment of interest		(339)	(139)	(25)	–
Dividends paid to Company's shareholders	27	(7,301)	(12,079)	(7,301)	(12,079)
Net cash used in financing activities		(9,570)	(12,921)	(7,182)	(11,212)
Effects of exchange rate changes on cash		(146)	146	(66)	87
Net decrease in cash in the year		(492)	(16,763)	(2,694)	(18,843)
Cash and cash equivalents at beginning of year		35,505	52,268	28,221	47,064
Cash and cash equivalents at end of year		35,013	35,505	25,527	28,221

The notes on pages 114 to 163 form part of these financial statements.

Notes to the financial statements.

For the year ended 30 June 2023

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 UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, with future changes being subject to endorsement by the UK Endorsement Board.

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 and contingent consideration that are measured at fair value.

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 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 £35.0m cash to continue in business for the foreseeable future, including the affect of increased costs caused by the on-going Ukraine and Russia conflict, where the Group has no sales, and other global events. The directors have also produced a severe, but plausible downside scenario that demonstrates that the Group could cover its cash commitments over the following year from approving these accounts. For this reason, the directors 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.

Non-controlling interests

The group do not recognise non-controlling interests in an acquired entity when there is a commitment and obligation to acquire the non-controlling interests of the acquired entity. The acquired entity is consolidated as if it is wholly owned by the Group since acquisition. Any profits attributable to non-controlling interests, if any, are treated as finance expense of the Group.

1 Accounting policies continued

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.

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.

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 are transferred to the customer, or the service is performed, 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).

1 Accounting policies continued

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.

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 twelve operating segments based on the products and customer base in the lighting market. The largest businesses, on an ongoing basis, are Thorlux (which includes the businesses of Thorlux Lighting Limited and SchahlLED Lighting GmbH), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) (which includes the businesses of Lightronics B.V. and Famostar Emergency Lighting B.V.) and Zemper Group. 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.

1 Accounting policies continued

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

For defined contribution plans and pure defined contribution elements, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

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

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. The translation of financial statements from foreign currencies is recognised in the foreign currency translation reserve and in the consolidated statement of comprehensive income at the prevailing exchange rates.

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.

1 Accounting policies continued

Dividend distribution

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

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

Property, plant and equipment

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

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

1 Accounting policies continued

Intangible assets

Development costs

The Group undertakes development activities on an ongoing basis. Part of these costs relate to projects where the benefit is received in the short term (less than one year) and part relates to longer term projects where the benefit is expected to be received for several years to come. Costs associated with the shorter term activities are expensed as and when they are incurred. Costs associated with the longer term projects are capitalised as an intangible asset and amortised over the expected life of the benefit 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.

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%.

1 Accounting policies continued

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	12%-14%
Brand name	10%–20%
Customer Relationships	7%-17%

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.

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.

1 Accounting policies continued

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.
- Financial assets at fair value through other comprehensive income (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.
- Financial assets at fair value through profit and loss (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.

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. Raw materials include items that are both used in the production of finished goods and items used in the production of other raw material items..

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is made against the cost of slow-moving, obsolete and other stock lines based on the net realisable value.

1 Accounting policies continued

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, such 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.

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 cash and cash equivalents and certain other receivables which generate interest income, and 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.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income, and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

1 Accounting Policies continued

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the financial liability using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Costs for financial liabilities are expensed in the period in which they occur.

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.

1 Accounting policies continued

Critical accounting estimates and judgements

The presentation of the annual financial statements in accordance with UK adopted International Accounting Standards and 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:

Estimates	**Impairment of 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 earnings before interest, tax, depreciation and amortisation (EBITDA) (which equates to operating profit adjusted for effect of depreciation and amortisation) 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, dependent 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 23 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 £160,000. **Zemper non-controlling interests** The Group has the obligation to purchase the remaining shares of the Zemper business in tranches over the next 2 years. To calculate the expected repurchase value the Group has considered the recent and budgeted future performance of the Zemper business analysing forecasted EBITDA, revenue and costs upon which the obligation is based. This analysis is reviewed and updated each year and, if necessary, adjustments are made to ensure that the provision value reflects the best current estimate of settlement with movements recognised as a share-based payment charge. If the forecast EBITDA assumption were to increase by 5%, the resulting deferred consideration would increase by £473,000. Notes 19 contain details of the outstanding obligations. **Lumen (SchahlLED) non-controlling interests** The Group has the obligation to purchase the remaining shares of the Lumen business in tranches over the next 2 years. To calculate the expected repurchase value the Group has considered the recent and budgeted future performance of the Lumen business analysing forecasted EBITDA, revenue and costs upon which the obligation is based. This analysis is reviewed and updated each year and, if necessary, adjustments are made to ensure that the provision value reflects the best current estimate of settlement with movements recognised as a share-based payment charge. If the forecast EBITDA assumption were to increase by 5%, the resulting contingent consideration would increase by £330,000. Notes 19 and 34 contain details of the outstanding obligations. **Allocation of intangible assets at acquisitions** On acquisition of new businesses, the Group undertakes valuation exercise to ascertain the fair values of various intangible assets. The valuation of these intangible assets involves identifying the types of intangible assets, estimation on inputs such as future EBITDA of the acquired business to be generated by these intagible assets, the periods for which these intangible assets would benefit the acquired business and discount rates used. **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 Limited to ensure their appropriateness. Note 22 contains details of the retirement benefit obligations. **Inter-company receivables/loans impairment** The Company provides for expected credit losses that may arise from under-performing loans to and receivables from 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 100% and 45%. If the expected credit loss assumption were to increase to 55% there would be an extra charge of £206,000 to the Company.

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.
	Zemper non-controlling interests The Group has the obligation to purchase the remaining shares of the Zemper business in tranches over the next 2 years. In determining the expected purchase price the Group has assumed the repurchase will be made in the 2 tranches commencing in September 2023 and ending in September 2024 thereby assessing the expected purchase price at each of these dates.
	Lumen non-controlling interests The Group has the obligation to purchase the remaining shares of the Lumen business from Setepmber 2025. In determining the expected purchase price the Group has assumed the repurchase will be made commencing in September 2025 thereby assessing the expected purchase price at the date.
	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.

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 an decrease by 1% in exchange rates on each currency other than sterling, the cash and cash equivalents would decrease by £70,000. The risk is managed by maintaining relatively low foreign currency balances and selling or buying forieng 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.

1 Accounting policies continued

(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.

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.

1 Accounting policies continued

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.

When ordinary shares are issued to shareholders by the Company, the face value of the ordinary shares issued is credited to Issued share capital where the excess of the consideration paid by shareholders over the face value of the ordinary shares issued is credited to share premium account.

Where any Group company purchases the Company's issued 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.

When shares are cancelled, the related face value of the cancelled shares are deducted from the Company's issued share capital and credited to the Company's capital redemption reserve.

Share-based payments

Senior executives of the Group receive remuneration in the form of share-based payments through the executive share ownership plan. 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.

Firm commitment

Where the Group has an obligation to pay outstanding consideration in a business combination, 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 twelve 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 business acquired through acquisition of Lumen Intelligence Holding GmbH in September 2022 is included in this segment in accordance with the Group's internal reporting. The businesses in the Netherlands, Lightronics B.V. and Famostar Emergency Lighting B.V., are material subsidiaries and disclosed separately as Netherlands companies. The businesses in the Zemper Group are also material and disclosed separately as the Zemper Group.

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.

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	Zemper Group £'000	Other companies £'000	Inter-segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2023						
Revenue to external customers	101,859	36,226	19,328	19,336	–	176,749
Revenue to other group companies	3,601	417	–	4,667	(8,685)	–
Total revenue	105,460	36,643	19,328	24,003	(8,685)	176,749
EBITDA	21,458	7,952	4,205	2,392	588	36,595
Depreciation and amortisation	4,212	983	2,307	1,261	–	8,763
Operating profit before acquisition adjustments	18,062	7,187	2,801	1,131	588	29,769
Operating profit	17,246	6,969	1,898	1,131	588	27,832
Net finance expense						(378)
Share of loss of joint ventures						(520)
Profit before income tax						26,934

Included in the Thorlux segment are additional revenues from Lumen (SchahlLED) of £16.9m and operating profits of £1.4m. Acquisition adjustments includes amortisation of intangible assets.

	Thorlux £'000	Netherlands companies £'000	Zemper Group £'000	Other companies £'000	Inter-segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2022						
Revenue to external customers	78,912	34,676	14,152	15,975	–	143,715
Revenue to other group companies	5,171	377	–	5,794	(11,342)	–
Total revenue	84,083	35,053	14,152	21,769	(11,342)	143,715
EBITDA	16,887	8,514	3,107	2,692	506	31,706
Depreciation and amortisation	3,378	1,043	1,525	1,045	–	6,991
Operating profit before acquisition adjustments	13,509	7,846	2,242	1,647	506	25,750
Operating profit	13,509	7,471	1,582	1,647	506	24,715
Net finance expense						(840)
Share of profit of joint ventures						228
Profit before income tax						24,103

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 five main areas, the UK, the Netherlands, Germany, 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.

	2023 £'000	2022 £'000 (Restated)*
UK	89,917	83,242
Netherlands	31,845	30,323
Germany	21,548	8,205
Rest of Europe	30,039	19,139
Rest of the World	3,400	2,806
	176,749	143,715

* Figures are restated as a result of inclusion of Germany as separate geographical segment in the current year.

(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.

2023 (£'000)	Light fittings	Services	Total
UK	85,193	4,724	89,917
Netherlands	31,845	–	31,845
Germany	18,034	3,514	21,548
Rest of Europe	29,668	371	30,039
Rest of the World	3,400	–	3,400
	168,140	8,609	176,749

2022 (£'000) (Restated)*	Light Fittings	Services	Total
UK	78,713	4,529	83,242
Netherlands	30,323	–	30,323
Germany	8,205	–	8,205
Rest of Europe	19,139	–	19,139
Rest of the World	2,806	–	2,806
	139,186	4,529	143,715

* Figures are restated as a result of inclusion of Germany as separate geographical segment in the current year.

3 Operating profit

	2023 £'000	2022 £'000
Profit on disposals of property, plant and equipment	(192)	(197)
Depreciation of investment property (note 11)	20	19
Depreciation of property, plant and equipment		
– owned assets	3,675	3,303
– right-of-use assets (notes 8 and 21)	614	456
Amortisation of intangible assets (note 9)	4,454	3,213
Share appreciation rights (with associated share-based payment charges)	–	(348)
Cost of inventories recognised as an expense	72,956	55,608
Research and development expenditure credit	(382)	(306)
Government grants	(122)	(117)
Currency gains in income statement	(539)	(479)

Services provided by the Company's auditors	2023 £'000	2022 £'000
Fees payable to the Company's auditors for audit of financial statements	276	241
Fees payable to the Company's auditors and its associates for other services		
– Audit of the Company's subsidiaries	98	48
	374	289

During the year there were no non-audit services provided by PricewaterhouseCoopers LLP.

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	2023 Number	2022 Number	2023 Number	2022 Number
Production	432	408	260	227
Sales and distribution	257	229	121	111
Administration	255	232	129	130
Total average headcount	944	869	510	468

	Group		Company	
Employment costs of all employees (including executive directors)	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	40,511	34,968	22,783	20,869
Social security costs	5,222	4,497	2,203	2,349
Other pension costs	2,174	1,650	1,434	1,008
	47,907	41,115	26,420	24,226

Included in wages and salaries are £2,319,000 (2022: £2,365,000) of temporary employees costs.

Other pension costs include contributions to pension schemes and other employer's pension related charges comprising life assurance of £99,000 (2022: £80,000), pension administration and professional charges of £116,000 (2022: £113,000) and private pension schemes amounting to £5,000 (2022: £5,000).

4 Employee information continued

Contributions to the defined contribution section amounted to £229,000 (2022: £236,000) and contributions to other schemes administered independently of the FW Thorpe pension schemes amounted to £1,262,000 (2022: £1,067,000).

	Group		Company	
Directors' emoluments	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aggregate emoluments	2,536	1,920	2,340	1,713
Contributions to money purchase schemes	9	15	9	15
	2,545	1,935	2,349	1,728

For the year ended 30 June 2023 no retirement benefits were accruing to any director (2022: nil) under the defined benefit scheme and to J E Thorpe (2022: J E Thorpe) under the defined contribution scheme. Additionally, compensation payments for the loss of pension contributions totalling £273,000 (2022: £246,000) were made to 4 (2022: 4) directors.

	Group		Company	
Highest paid director	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total of emoluments and amounts receivable	674	586	674	586

Compensation payments for the loss of pension contributions for the highest paid director were £52,000 (2022: £44,000).

The key management personnel are the Group Board directors.

Further details are provided in the directors' remuneration report on pages 95 to 98.

5 Net finance expense

	2023 £'000	2022 £'000
Finance income		
Current assets		
Interest receivable	236	49
Non-current assets		
Dividend income on financial assets at fair value through other comprehensive income	209	247
Net rental income	103	113
Loan interest income	168	114
Gain on disposal of financial assets	–	4
	716	527
Finance expense		
Current liabilities		
Interest payable	94	53
Lease liability interest expense	236	139
Non-controlling interest	755	613
Non-current liabilties		
Loan interest expense	9	55
Fair value adjustment on loans	–	507
	1,094	1,367
Net finance expense	(378)	(840)

6 Income tax expense

Analysis of income tax expense in the year:

	2023 £'000	2022 £'000
Current tax		
Current tax on profits for the year	5,515	4,717
Adjustments in respect of prior years	(313)	(279)
Total current tax	5,202	4,438
Deferred tax		
Origination and reversal of temporary differences	(202)	(408)
Total deferred tax	(202)	(408)
Income tax expense	5,000	4,030

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before income tax	26,934	24,103
Profit on ordinary activities multiplied by the standard rate in the UK of 20.5% (2022: 19.0%)	5,521	4,580
Effects of:		
Expenses not deductible for tax purposes	1,150	329
Accelerated tax allowances and other timing differences	(145)	(348)
Adjustments in respect of prior years	(313)	(279)
Patent box relief	(1,718)	(812)
Foreign profit taxed at higher rate	505	560
Tax charge	5,000	4,030

The effective tax rate was 18.56% (2022: 16.72%). Adjustments in respect of prior years relate to refunds received for prudent assumptions on additional investment allowances and patent box relief in the tax calculations.

The UK corporation tax rate increased from 19% to 25% from 1 April 2023, which was substantively enacted in May 2021 and an average standard rate of 20.50% is applicable to the Company during the current year. Deferred tax assets and liabilities have been calculated based on a rate at which they are expected to crystallise.

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	2023	2022
Weighted average number of ordinary shares in issue	117,199,805	116,953,866
Profit attributable to equity holders of the Company (£'000)	21,934	20,073
Basic earnings per share (pence per share) total	18.72	17.16

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	2023	2022
Weighted average number of ordinary shares in issue (diluted)	117,294,937	117,209,308
Profit attributable to equity holders of the Company (£'000)	21,934	20,073
Diluted earnings per share (pence per share) total	18.70	17.13

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 2022	25,354	33,795	4,356	63,505	6,592	21,965	–	28,557
Acquisition of subsidiaries*	–	50	134	184	–	–	–	–
Additions	2,892	4,847	1,751	9,490	734	1,965	31	2,730
Disposals	–	(970)	(278)	(1,248)	–	(662)	–	(662)
Currency translation	(27)	(33)	(21)	(81)	–	–	–	–
At 30 June 2023	28,219	37,689	5,942	71,850	7,326	23,268	31	30,625
Accumulated depreciation								
At 1 July 2022	5,477	22,518	1,692	29,687	2,559	14,928	–	17,487
Acquisition of subsidiaries*	–	–	38	38	–	–	–	–
Charge for the year	738	2,937	614	4,289	177	1,660	4	1,841
Disposals	–	(685)	(220)	(905)	–	(448)	–	(448)
Currency translation	(4)	(12)	(6)	(22)	–	–	–	–
At 30 June 2023	6,211	24,758	2,118	33,087	2,736	16,140	4	18,880
Net book amount								
At 30 June 2023	22,008	12,931	3,824	38,763	4,590	7,128	27	11,745

* Acquisition of subsidiaries are the assets acquired from the purchase of the Lumen companies with a fair value of £146,000.

	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 2021	22,094	27,662	895	50,651	6,529	20,661	–	27,190
Acquisition of subsidiaries*	975	3,965	3,534	8,474	–	–	–	–
Additions	2,241	3,037	232	5,510	63	1,961	–	2,024
Disposals	(1)	(884)	(303)	(1,188)	–	(657)	–	(657)
Currency translation	45	15	(2)	58	–	–	–	–
At 30 June 2022	25,354	33,795	4,356	63,505	6,592	21,965	–	28,557
Accumulated depreciation								
At 1 July 2021	4,638	17,345	417	22,400	2,399	13,773	–	16,172
Acquisition of subsidiaries*	234	3,175	1,062	4,471	–	–	–	–
Charge for the year	600	2,703	456	3,759	160	1,686	–	1,846
Disposals	–	(714)	(248)	(962)	–	(531)	–	(531)
Currency translation	5	9	5	19	–	–	–	–
At 30 June 2022	5,477	22,518	1,692	29,687	2,559	14,928	–	17,487
Net book amount								
At 30 June 2022	19,877	11,277	2,664	33,818	4,033	7,037	–	11,070

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies with a fair value of £4,003,000.

Freehold land which was not depreciated at 30 June 2023 amounted to £758,000 (2022: £758,000) (Group) and £500,000 (2022: £500,000) (Company).

9 Intangible assets

Group 2023	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Customer relationship £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost									
At 1 July 2022	32,778	16,320	2,895	3,845	9,460	3,344	159	182	68,983
Acquisition of subsidiaries*	14,624	–	–	1,354	5,759	38	–	–	21,775
Additions	–	1,874	–	–	–	381	–	–	2,255
Disposals	–	–	–	–	–	(12)	–	–	(12)
Write-offs	–	(4,228)	–	–	–	–	–	–	(4,228)
Currency translation	(399)	(10)	(2)	(35)	(141)	(4)	–	–	(591)
At 30 June 2023	**47,003**	**13,956**	**2,893**	**5,164**	**15,078**	**3,747**	**159**	**182**	**88,182**
Accumulated amortisation									
At 1 July 2022	252	10,009	2,495	1,273	473	2,460	156	–	17,118
Charge for the year	–	2,152	151	434	1,350	367	–	–	4,454
Disposals	–	–	–	–	–	(1)	–	–	(1)
Write-offs	–	(4,228)	–	–	–	–	–	–	(4,228)
Currency translation	(19)	(8)	(3)	(5)	(17)	–	–	–	(52)
At 30 June 2023	**233**	**7,925**	**2,643**	**1,702**	**1,806**	**2,826**	**156**	**–**	**17,291**
Net book amount									
At 30 June 2023	**46,770**	**6,031**	**250**	**3,462**	**13,272**	**921**	**3**	**182**	**70,891**

* Acquisition of subsidiaries are the assets acquired from the purchase of the Lumen companies with a fair value of £7,151,000, excluding goodwill.

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

Group 2022	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Customer relationship £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost									
At 1 July 2021	14,431	7,871	2,846	1,257	–	2,811	150	182	29,548
Acquisition of subsidiaries*	18,320	6,346	45	2,588	9,468	266	6	–	37,039
Additions	–	2,096	–	–	–	267	3	–	2,366
Currency translation	27	7	4	–	(8)	–	–	–	30
At 30 June 2022	**32,778**	**16,320**	**2,895**	**3,845**	**9,460**	**3,344**	**159**	**182**	**68,983**
Accumulated amortisation									
At 1 July 2021	241	4,415	2,179	1,006	–	1,852	150	–	9,843
Acquisition of subsidiaries*	–	3,770	–	–	–	250	6	–	4,026
Charge for the year	–	1,820	308	262	465	358	–	–	3,213
Currency translation	11	4	8	5	8	–	–	–	36
At 30 June 2022	**252**	**10,009**	**2,495**	**1,273**	**473**	**2,460**	**156**	**–**	**17,118**
Net book amount									
At 30 June 2022	**32,526**	**6,311**	**400**	**2,572**	**8,987**	**884**	**3**	**182**	**51,865**

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies with a fair value of £14,693,000, excluding goodwill.

Amortisation of £4,454,000 (2022: £3,213,000) is included in the administrative expenses. Included in goodwill are amounts of £285,000 (2022: £285,000) arising from the acquisition of Solite Europe Limited in 2009, £2,618,000 (2022: £2,618,000) arising from the acquisition of Portland Lighting Limited in 2011, €7,784,000 (£6,692,000) (2022: €7,784,000 (£6,698,000)) arising from the acquisition of FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) in 2015, AU$478,000 (£252,000) (2022: AU$478,000 (£262,000)) arising from the acquisition of Thorlux Australasia Pty Ltd in 2016, €5,057,000 (£4,348,000) (2022: €5,057,000 (£4,351,000)) arising from the acquisition of Famostar Emergency Lighting B.V. in December 2017, €21,273,000 (£18,289,000) (2022: €21,273,000 (£18,304,000)) arising from the acquisition of Electrozemper S.A. in October 2021 and €16,616,000 (£14,286,000) (2022: €nil (£nil) arising from the acquisition of Lumen Intelligence Holding GmbH in September 2022. This goodwill is not amortised.

9 Intangible assets continued

The goodwill for Lightronics B.V., Famostar Emergency Lighting B.V., Electrozemper S.A., Lumen Intelligence Holding GmbH and Thorlux Australasia Pty Ltd 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.

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, FW Thorpe Nederland B.V. (formerly 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, Famostar Emergency Lighting B.V., Electrozemper S.L, Zemper France S.A.R.L. S.A, RGB S.L., Thorlux Lighting Limited, Lumen Intelligence Holding GmbH and SchahlLED Lighting GmbH.

For Portland Lighting Limited the value in use has been determined using cash flow projections covering a five year period with a terminal value all discounted at a rate of 10.94%. For prudence, no growth has been assumed from 2023. For an impairment to be required, the discount rate would need to exceed 17.5% (Group) and 11.2% (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 Zemper CGUs and Lumen CGUs where an EBITDA multiple of ten and eight, respectively, have been used in accordance with the agreement upon which the contingent consideration is based.

At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Lightronics and Famostar CGUs of £36.9m in the Group and £22.2m in the Company (investments in subsidiaries, financial assets at amortised cost and amounts due from Group companies).

For Zemper CGUs, our assessment considers business performance and likely net realisable value, which must be assessed as part of settlement of non-controlling interest rights. At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Zemper CGUs of £25.46m in the Group and £13.8m in the Company (financial assets at amortised cost).

For Lumen CGUs, our assessment considers business performance and likely net realisable value, which must be assessed as part of settlement of non-controlling interest rights. At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Lumen CGUs of £12.9m in the Group and £16.0m in the Company (financial assets at amortised cost)

Company 2023	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost					
At 1 July 2022	7,198	3,014	150	182	10,544
Additions	839	154	–	–	993
Disposals	–	(12)	–	–	(12)
Write-offs	(4,075)	–	–	–	(4,075)
At 30 June 2023	**3,962**	**3,156**	150	182	**7,450**
Accumulated amortisation					
At 1 July 2022	4,656	2,207	150	–	7,013
Charge for the year	1,117	336	–	–	1,453
Disposals	–	(1)	–	–	(1)
Write-offs	(4,075)	–	–	–	(4,075)
At 30 June 2023	1,698	**2,542**	150	–	**4,390**
Net book amount					
At 30 June 2023	**2,264**	**614**	–	**182**	**3,060**

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

9 Intangible assets continued

Company 2022	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost					
At 1 July 2021	6,182	2,796	150	182	9,310
Additions	1,016	218	–	–	1,234
Write-offs	–	–	–	–	–
At 30 June 2022	**7,198**	**3,014**	**150**	**182**	**10,544**
Accumulated amortisation					
At 1 July 2021	3,496	1,866	150	–	5,512
Charge for the year	1,160	341	–	–	1,501
Write-offs	–	–	–	–	–
At 30 June 2022	**4,656**	**2,207**	**150**	**–**	**7,013**
Net book amount					
At 30 June 2022	**2,542**	**807**	**–**	**182**	**3,531**

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 investments in subsidiaries is as follows:

	Company 2023 £'000	Company 2022 £'000
Investments in subsidiaries – cost	20,486	20,486

The movement in the investment and provisions is as follows:

	Costs 2023 £'000	Costs 2022 £'000	Provision 2023 £'000	Provision 2022 £'000
At 1 July	20,486	14,581	–	–
Addition during the year	–	5,905	–	–
At 30 June	**20,486**	**20,486**	**–**	**–**

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

Details of the Company's subsidiaries are included in note 33.

11 Investment property

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cost				
At 1 July	2,262	2,226	11,745	11,709
Additions	22	36	22	36
At 30 June	2,284	2,262	11,767	11,745
Accumulated depreciation				
At 1 July	278	259	1,778	1,525
Charge for the year	20	19	253	253
At 30 June	298	278	2,031	1,778
Net book amount				
At 30 June	1,986	1,984	9,736	9,967

The following amounts have been recognised in the income statement:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rental income	141	175	479	513
Direct operating expenses arising from investment properties that generate rental income	(57)	(81)	(290)	(314)

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 (2022: £1,296,000) is freehold land and therefore not depreciated; the property element includes accumulated depreciation of £298,000 (2022: £278,000) 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.

An external fair value exercise of the land by the River Wye and the land in Monmouthshire was last undertaken in June 2023 resulting in a valuation of £2.3m, which is greater than the carrying value of those specific investment properties.

The Company's investment properties consist of land and buildings used by subsidiaries in their normal course of business. The Company receives rental income from the subsidiaries for the use of these premises and incurs amortisation costs.

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.

Ratio Holding B.V.

Pursuant to the investment in Ratio Holding B.V., the Group has issued loan notes of €1,500,000 (£1,290,000) (2022: €1,000,000 (£860,000)) to help fund the development of this business. With accrued interest, the balance at 30 June 2023 is €1,566,000 (£1,347,000) (2022: €1,012,000 (£872,000)).

During the current year, the Group has issued loan notes of £1,250,000 to Ratio EV Limited, a wholly-owned subsidiary of Ratio Holding B.V., to help fund the development of its business. With accrued interest, the balance at 30 June 2023 is £1,266,000.

The debt investments have shown no significant increase in credit risk since the inception of the loans, 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.

Mackwell Electronics Limited

Mr N Brangwin, a director and main shareholder in Mackwell Electronics Limited, has loans outstanding of £nil (2022: £1,800,000), with interest payable at 4% over the Bank of England base rate. This loan was secured against Mr Brangwin's shareholding in FW Thorpe Plc and was fully repaid during the year.

Luxintec S.L.

In the year ended 30 June 2021 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 risk of default despite 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, a provision of €589,000 (£506,000) (2022: €589,000 (£507,000)) was recorded.

At the date of the financial statements, the loan notes balance was €281,000 (2022: €281,000) equating to £240,000 (2022: £242,000) 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	2,924	2,546	33,682	10,827
Acquisition of subsidiaries*	–	77	–	–
Issued	1,748	872	22,885	23,467
Repaid	(1,813)	(66)	(2,624)	(80)
Fair value adjustment	–	(507)	(1,404)	(629)
Exchange rate movement	(6)	2	(413)	97
At 30 June	2,853	2,924	52,126	33,682

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies in 2022.

12 Financial assets at amortised cost continued

Analysis of total financial assets at amortised cost	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Non-current	1,587	1,124	240	31,882
Current	1,266	1,800	51,886	1,800
	2,853	2,924	52,126	33,682

The £22,885,000 loans issued by the Company are £7,172,000 to FW Thorpe Espana S.L.U., £14,123,000 issued to F.W. Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.), £311,000 to Thorlux Lighting L.L.C., £13,000 issued to Thorlux Lighting Limited and £1,266,000 issued to Ratio EV Limited.

The debt investments to FW Thorpe Espana S.L.U. of €31,278,000 (£26,892,000), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) of €27,272,000 (£23,447,000), Thorlux Lighting Limited of €325,000 (£280,000) and Ratio EV of £1,266,000 have 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 £2,175,000 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 £2,175,000 (2022: £771,000) for these loan notes based on an expected credit loss of 100%.

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 €6,762,000 (£5,814,000) (2022: €6,762,000 (£5,818,000)) for 50% of the share capital of Ratio Holding B.V., a company based in the Netherlands in December 2021. The amount consists of an initial investment of €5,750,000 (£4,948,000), costs of €12,000 (£10,000) (2022: €12,000 (£10,000)) and a further €1,000,000 (£860,000) for payment in December 2023. The Group has applied the equity accounting method to recognise this interest.

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 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 July	6,112	–	–	–
Additions	–	5,818	–	–
Share of joint venture (loss)/profit	(520)	290	–	–
Currency translation	–	4	–	–
At 30 June	5,592	6,112	–	–

In the year to 30 June 2023, the joint venture, Ratio Holdings B.V. generated a loss after tax of €1,199,000 (£1,041,000) (2022: profit after tax of €683,000 (£588,000)).

The Group has recognised its 50% share of loss of €599,000 (£520,000) (2022: profit of €342,000 (£290,000)) in the Income Statement, less costs in the parent company of £nil (2022: £62,000).

No further analysis of the joint ventures has been provided as the activities are not considered material to the Group.

14 Financial assets at fair value through other comprehensive income

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Beginning of year	3,470	3,764	3,439	3,764
Acquisition of subsidiaries*	–	31	–	–
Net disposals	(1)	(268)	–	(268)
Revaluation	(105)	(57)	(105)	(57)
At 30 June	3,364	3,470	3,334	3,439

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies in 2022.

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;
ii. Unlisted equity in Spain held by Electrozemper S.A., denominated in euros. None of these assets is either past due or impaired; and
iii. The Group invested €1,200,000 for 40% of the share capital of Luxintec S.L., a company based in Spain, in 2016. This is 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. At the date of the financial statements, the balance for this investment is £nil (2022: £nil).

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials	21,223	23,555	8,333	10,343
Work in progress	3,900	3,735	2,469	2,742
Finished goods	8,314	5,468	4,623	3,891
	33,437	32,758	15,425	16,976

The value of the inventory provision is £5,122,000 (2022: £4,449,000) for the Group and £2,785,000 (2022: £2,477,000) for the Company.

The cost of inventories sold recognised as an expense is disclosed in note 3.

16 Trade and other receivables

Current	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade receivables	30,581	29,015	11,878	15,834
Other receivables	2,451	2,723	1,541	2,516
Prepayments and accrued income	2,701	1,280	1,917	623
Amounts owed by subsidiaries	–	–	11,274	5,507
Total	35,733	33,018	26,610	24,480

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade receivables past due date not provided	2,316	2,705	1,229	741

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 carrying amounts of the trade receivables for the Group company Zemper France S.A.R.L. include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Zemper France S.A.R.L. retains the late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. Zemper France S.A.R.L. only receives money from the factor when needed and the amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost. The relevant carrying amounts for transferred receivables are €1,670,000 (£1,436,000) (2022: €1,161,000 (£999,000)) and the amount received from the factor as secured borrowing is €1,197,000 (£1,030,000) (2022: €nil (£nil)).

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 2023 the bad debt provision for the Group amounted to £728,000 (2022: £704,000) and for the Company £343,000 (2022: £503,000).

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 the Company's amounts owed by subsidiaries are provisions for expected credit losses for Thorlux Lighting L.L.C. of £515,000 (2022: £303,000) and Thorlux Australasia PTY Limited of £930,000 (2022: £806,000), based on an expected credit loss of 100%. and 45%, respectively.

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Bad debts written off	214	469	105	463
Bad debts recovered	(139)	(409)	(130)	(407)
Net bad debt expense/ (income)	75	60	(25)	56

16 Trade and other receivables continued

At 30 June 2023, trade receivables were due to the Group and Company in the following currency denominations:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due in £ sterling	13,645	16,965	11,524	13,875
Due in € euro	16,659	11,809	354	1,959
Due in UAE dirham	24	17	–	–
Due in AUD Australian dollars	253	224	–	–
	30,581	29,015	11,878	15,834

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		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	5,079	23,603	5,075	23,603
Net withdrawals	(5,075)	(18,524)	(5,075)	(18,528)
At 30 June	4	5,079	–	5,075

The short-term financial assets consist of term cash deposits 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank and in hand	35,013	35,505	25,527	28,221

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	
Current liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	14,908	15,772	7,920	9,216
Contract liabilities	73	1,375	73	1,375
Other payables	8,671	6,547	317	311
Social security and other taxes	3,475	2,935	1,439	1,353
Accruals and deferred income	10,330	9,172	7,390	6,479
Amounts owed to subsidiaries	–	–	5,963	3,691
Total	37,457	35,801	23,102	22,425

	Group		Company	
Non-current liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Other payables	11,987	12,880	–	–
Total	11,987	12,880	–	–

19 Trade and other payables continued

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

Included within other payables are commitment to purchase the remaining outstanding shares (redemption liability and contingent consideration) in Electrozemper S.A. of €12,623,000 (£10,853,000) and Lumen Intelligence Holding GmbH of €7,508,000 (£6,455,000). Of these amounts €6,248,000 (£5,372,000) is included in current liabilities and €13,883,000 (£11,936,000) in non-current liabilities. Other payables also includes €1,000,000 (£860,000) deferred consideration for the investment in Ratio Holding B.V. which is within current liabilities.

Non-Current liabilities also includes £51,000 (2022: £40,000) post employment benefits at Thorlux Australasia Pty Limited and Thorlux Lighting L.L.C.

20 Financial liabilities

	Group		Company	
Financial liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	2,162	–	–	–
Acquisitions of subsidiaries*	2,256	2,546	–	–
Additions in year	1,039	7	–	–
Repayment in year	(2,532)	(392)	–	–
Currency translation	(29)	1	–	–
At 30 June	2,896	2,162	–	–

* Acquisitions of subsidiaries are the liabilities acquired with the purchase of the Lumen companies (2022: Zemper companies).

	Group		Company	
Analysis of financial liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current financial liabilities (values due < 12 months)	1,435	332	–	–
Non-current financial liabilities (values due > 12 months)	1,461	1,830	–	–
Total	2,896	2,162	–	–

Included in non-current financial liabilities were amounts of £1,201,000 (2022: £1,459,000) due more than one year but less than five years and £260,000 (2022: £371,000) due more than five years.

	Group		Company	
Financial liabilities by category	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank overdrafts	55	63	–	–
Bank loans	902	1,073	–	–
Factoring liabilities	1,030	–	–	–
Other loans	93	–	–	–
Government loans	816	1,026	–	–
Total	2,896	2,162	–	–

During the year ended 30 June 2023, pursuant to the acquisition of Lumen Intelligence Holding GmbH, the Group acquired financial liabilities totalling €2,563,000 (£2,256,000), included loans from the original shareholders of Lumen Intelligence Holding GmbH, totalling €1,652,000 (£1,454,000). As at date of these financial statements, an amount of €108,000 (£93,000) remained outstanding.

During the year ended 30 June 2022, pursuant to the acquisition of Electrozemper S.A., the Group acquired financial liabilities totalling €2,957,000 (£2,546,000). As at the date of these financial statements, the bank loans included €583,000 (£502,000) (2022: €783,000 (£674,000)) issued to support Zemper France S.A.R.L. through the COVID pandemic, and are guaranteed by the Government in France. There is also a bank loan for the property occupied by Zemper France S.A.R.L., the outstanding amount was £369,000 (£317,000) (2022: €437,000 (£376,000)). The Government loans were issued to facilitate investment, including research and development projects.

21 Lease liabilities

Right-of-use assets

	Group				Company	
	Property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000	Motor vehicles £'000	Total £'000
At 1 July 2021	–	48	430	478	–	–
Acquisition of subsidiaries*	2,286	–	186	2,472	–	–
Additions	–	5	227	232	–	–
Depreciation charge for the year	(208)	(20)	(228)	(456)	–	–
Lease termination	–	–	(57)	(57)	–	–
Currency translation	(5)	–	–	(5)	–	–
At 30 June 2022	2,073	33	558	2,664	–	–
Acquisition of subsidiaries*	–	–	96	96	–	–
Additions	1,400	–	351	1,751	31	31
Depreciation charge for the year	(385)	(10)	(219)	(614)	(4)	(4)
Lease termination	–	(1)	(57)	(58)	–	–
Currency translation	(11)	–	(4)	(15)	–	–
At 30 June 2023	3,077	22	725	3,824	27	27

* Acquisition of subsidiaries are leases acquired with the investment in Lumen group of companies (2022: Zemper group of companies).

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

Lease liabilities

Lease liabilities recognised at 30 June 2023 total £4,634,000 (2022: £3,016,000) of which £812,000 (2022: £506,000) is due within one year and £3,822,000 (2022: £2,510,000) due after more than one year. There are no contractual options to either extend or terminate early lease agreements.

Maturity analysis

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

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	948	726	8	–
More than one but less than five years	2,867	2,355	21	–
More than five years	1,540	927	–	–
Total due including interest	5,355	4,008	29	–

The total cash paid on these leases during the year was £1,026,000 (2022: £674,000) for the Group and £5,000 (2022: £nil) for the Company.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expense relating to short-term leases	162	136	83	92
Expense relating to low-value leases	113	22	–	–

22 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 2023 amounted to £537,000 (2022: £580,000). 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 2021, and at that date the value of the fund was £42,600,000. This was sufficient to cover 103% 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	3.60%
Salary increases	5.25%
Discount rate	2.10%
Revaluation for deferred pensioners	2.10%

The figures at 30 June 2021 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 2023 by an independent qualified actuary using the following major assumptions:

	2023	2022	2021	2020	2019
Price inflation	3.40%	3.50%	3.50%	3.30%	3.50%
Salary increases	3.40%	3.50%	3.50%	3.30%	3.50%
Discount rate	5.20%	3.80%	1.80%	1.40%	2.10%
Revaluation for deferred pensioners	2.80%	2.80%	2.80%	2.30%	2.50%
Pension increases in payment of 5% p.a. or RPI if less	3.20%	3.30%	3.30%	3.10%	3.30%
Pension increases in payment of 2.5% p.a. or RPI if less	2.20%	2.20%	2.20%	2.10%	2.20%
Life expectancy at age 65 – men	22.9 years	23.4 years	22.1 years	22.5 years	22.5 years
Life expectancy at age 65 in 20 years – men	24.1 years	24.6 years	23.4 years	23.6 years	23.5 years
Life expectancy at age 65 – women	24.4 years	24.8 years	24.3 years	24.7 years	24.7 years
Life expectancy at age 65 in 20 years – women	25.5 years	25.9 years	25.4 years	25.9 years	25.9 years

22 Pension scheme continued

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

	30 June 2023		30 June 2022		30 June 2021		30 June 2020		30 June 2019	
	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	5.20%	11,270	3.80%	12,150	1.8%	13,269	1.4%	11,003	2.70%	12,570
Bonds	5.20%	18,389	3.80%	21,643	1.8%	26,458	1.4%	29,549	2.70%	26,618
Other	5.20%	1,542	3.80%	2,659	1.8%	2,832	1.4%	2,300	2.70%	2,387
Total market value of assets		31,201		36,452		42,559		42,852		41,575
Present value of scheme liabilities		(28,026)		(33,100)		(40,350)		(42,583)		(39,437)
Surplus in the scheme		3,175		3,352		2,209		269		2,138

All assets are held in pooled investment vehicles with the exception of the cash balance of £772,000 (2022: £130,000) in the trustees bank account. The pooled investment vehicles are unquoted with the underlying assets being quoted.

Amounts recognised in the statement of financial position

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

	2023 £'000	2022 £'000
Present value of funded obligations	(28,026)	(33,100)
Fair value of plan assets	31,201	36,452
Surplus in the scheme	3,175	3,352
Less restriction of surplus recognised in the Statement of Financial Position	(3,175)	(3,352)
Asset recognised in the Statement of Financial Position	–	–

Movement in defined benefit obligation

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

	2023 £'000	2022 £'000
At 1 July	(33,100)	(40,350)
Current service cost	(303)	(390)
Past service cost	(420)	–
Interest cost	(1,202)	(711)
Contributions by plan participants	(276)	(259)
Actuarial gain	3,767	6,303
Benefits paid	3,508	2,307
At 30 June	(28,026)	(33,100)

22 Pension scheme continued

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:

	2023 £'000	2022 £'000
At 1 July	36,452	42,559
Expected return in plan assets	1,334	753
Actuarial loss	(3,890)	(5,392)
Employer contributions	537	580
Employee contributions	276	259
Benefits paid	(3,508)	(2,307)
At 30 June	31,201	36,452

Amounts recognised in income statement

The amounts recognised in the Income Statement are as follows:

	2023 £'000	2022 £'000
Current service cost	303	390
Past service cost	420	–
Net interest income	(132)	–
Total expense	591	390

Actuarial gain/(loss) recognised in statement of comprehensive income for the year

	2023 £'000	2022 £'000
Actual return less expected return on pension scheme assets	(3,890)	(5,392)
Experience gains arising on the scheme liabilities	293	348
Changes in assumptions underlying the present value of the scheme liabilities	3,474	5,955
Net interest income	–	42
Restriction of increase/(decrease) in pension scheme surplus	177	(1,143)
Actuarial gain/(loss) recognised in the Statement of Comprehensive Income	54	(190)

	2023 £'000	2022 £'000
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 1 July	(3,775)	(4,728)
Actuarial (loss)/gain recognised in the Statement of Comprehensive Income for the year	(123)	953
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 30 June	(3,898)	(3,775)

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 (2022: £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 2023 was £2,556,000 (2022: (£4,639,000)) or 7.0% (2022: (10.9%)). The Group expects to pay £364,000 contributions (2022: £361,000) into the pension scheme during the forthcoming year.

22 Pension scheme continued

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

	2023		2022		2021		2020		2019	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	(3,890)		(5,392)		789		1,217		1,755	
Percentage of scheme assets		(11%)		(13%)		2%		3%		4%
Experience gain/(loss) on scheme liabilities	293		348		(951)		(171)		(294)	
Percentage of the present value of scheme liabilities		0%		0%		2%		0%		1%
Changes in assumptions underlying the present value of the scheme liabilities	3,474		5,955		1,915		(3,131)		(1,901)	
Percentage of the present value of scheme liabilities		(10%)		(15%)		(5%)		7%		5%
Movement in recovery plan liability	–		–		–		–		–	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		0%
Net interest income	132		42		5		46		66	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		0%
Amount which has been recognised in the SOCI	(123)		953		1,758		(2,039)		(374)	
Percentage of the present value of scheme liabilities		(0%)		2%		4%		5%		1%

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 2023	28.0
Discount rate 0.5% p.a. higher	27.0
Increase in salaries 0.5% p.a. higher	28.1
Pension increase (in payment and in deferment) 0.5% p.a. higher	28.6
Life expectancy one year longer	28.7

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.

23 Provisions for liabilities and charges

	Group		Company	
	Warranty provision £'000	Total £'000	Warranty provision £'000	Total £'000
At 1 July 2021	2,242	2,242	706	706
Acquisition of subsidiaries*	136	136	–	–
Additions	496	496	289	289
Utilisation	(202)	(202)	(116)	(116)
Surplus released	(136)	(136)	–	–
At 30 June 2022	2,536	2,536	879	879
Acquisition of subsidiaries*	704	704	–	–
Additions	517	517	–	–
Utilisation	(148)	(148)	254	254
Surplus released	(295)	(295)	–	–
Currency translation	(15)	(15)	–	–
At 30 June 2023	3,299	3,299	1,133	1,133

	Group		Company	
Analysis of total provisions	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-current	3,299	2,536	1,133	879
Total	3,299	2,536	1,133	879

* Acquisitions of subsidiaries are leases acquired with the investment in Lumen group of companies (2022: Zemper group of companies).

Warranty provision

The usual warranty period provided by Group companies is between 5 and 10 years, dependent 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.

24 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax assets	382	120	–	–
Deferred tax liabilities	(6,261)	(4,264)	(1,259)	(883)
Net deferred tax liabilities	(5,879)	(4,144)	(1,259)	(883)

24 Deferred income tax continued

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 July	(4,144)	(1,591)	(883)	(956)
Acquisitions of subsidiaries*	(2,005)	(2,984)	–	–
Income statement credited /(charged)	202	408	(402)	59
Tax credited directly to equity	26	14	26	14
Currency translation	42	9	–	–
At 30 June	(5,879)	(4,144)	(1,259)	(883)
Of which:				
Deferred tax assets	382	120	–	–
Deferred tax liabilities	(6,261)	(4,264)	(1,259)	(883)

* Acquisitions of subsidiaries are the deferred assets and liabilities acquired with the investment in the Lumen group of companies (2022: Zemper group of companies).

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 assets	Fair value & other timing differences £'000	Total £'000
At 1 July 2021	–	–
Acquisition of subsidiaries*	114	114
Credited to the income statement	6	6
At 30 June 2022	120	120
Acquisition of subsidiaries*	132	132
Credited to the income statement	134	134
Currency translation	(4)	(4)
At 30 June 2023	382	382

Deferred tax liabilities	Accelerated tax depreciation £'000	Research & development £'000	Fair value & other timing differences £'000	Total £'000
At 1 July 2021	593	816	182	1,591
Acquisition of subsidiaries*	169	–	2,929	3,098
Charged/(credited) to the income statement	29	4	(435)	(402)
(Charged) directly to equity	–	–	(14)	(14)
Currency translation	–	2	(11)	(9)
At 30 June 2022	791	822	2,651	4,264
Acquisition of subsidiaries*	–	–	2,137	2,137
Charged/(credited) to the income statement	111	(40)	(139)	(68)
Credited directly to equity	–	–	(26)	(26)
Currency translation	–	–	(46)	(46)
At 30 June 2023	902	782	4,577	6,261

* Acquisitions of subsidiaries are the deferred assets and liabilities acquired with the investment in the Lumen group of companies (2022: Zemper group of companies).

24 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 2021	444	626	(114)	956
Charged/(credited) to the income statement	18	(34)	(43)	(59)
Credited directly to equity	–	–	(14)	(14)
At 30 June 2022	462	592	(171)	883
Charged/(credited) to the income statement	120	(49)	331	402
Credited directly to equity	–	–	(26)	(26)
At 30 June 2023	582	543	134	1,259

The deferred income tax credited to equity during the year is as follows:

	Group		Company	
Deferred tax credited to equity	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Tax on revaluation of financial assets at fair value through other comprehensive income	26	14	26	14
	26	14	26	14

25 Share capital

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Authorised, allotted and fully paid				
118,935,590 ordinary shares of 1p each (2022: 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	2023 £'000	2022 £'000	2023 No. of shares	2022 No. of shares
At 1 July	18	23	1,824,004	2,273,569
Shares issued from treasury	(1)	(5)	(120,000)	(449,565)
At 30 June	17	18	1,704,004	1,824,004

There were no new shares issued during the year (2022: nil). 120,000 (2022: 449,565) shares were issued from treasury for the exercise of share options, of which the Company repurchased nil (2022: nil). There are 110,322 (2022: 230,322) share options outstanding at the year end.

At 30 June 2023, there were 110,322 options exercisable (2022: 230,322) under the ESOP scheme.

26 Other reserves

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Share premium account	2,976	2,827	2,976	2,827
Capital redemption reserve	137	137	137	137
Foreign currency translation reserve	2,039	1,808	–	–
	5,152	4,772	3,113	2,964

27 Dividends

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

Dividends paid (pence per share)	2023	2022
Final dividend	4.61	4.31
Special dividend (final)	–	2.20
Interim dividend	1.62	1.54
Special dividend (interim)	–	2.27
Total	6.23	10.32

A final dividend in respect of the year ended 30 June 2023 of 4.84p per share, amounting to £5,674,000 (2022: £5,403,000) is to be proposed at the Annual General Meeting on 16 November 2023 and, if approved, will be paid on 24 November 2023 to shareholders on the register on 27 October 2023. The ex-dividend date is 26 October 2023. These financial statements do not reflect this dividend payable.

Dividends proposed (pence per share)	2023	2022
Final dividend	4.84	4.61

Dividends paid	2023 £'000	2022 £'000
Final dividend	5,403	5,043
Special dividend (final)	–	2,574
Interim dividend	1,898	1,803
Special dividend (interim)	–	2,659
Total	7,301	12,079

Dividends proposed	2023 £'000	2022 £'000
Final dividend	5,674	5,403

28 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.

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 £nil (2022: £nil) for the year.

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

	ESOP Scheme		Total
	Options	Exercise price (p/s)	Options
Outstanding at 1 July 2022	230,322	124	230,322
Exercised during the year	(120,000)	124	(120,000)
Outstanding at 30 June 2023	110,322	124	110,322

The weighted average contractual life of the share-based payments outstanding at the end of the year is 1.3 years for the ESOP scheme. The weighted average share price for shares exercised during the year was £3.70.

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

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

29 Cash generated from operations

Cash generated from continuing operations	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Profit before tax	26,934	24,103	19,499	15,242
Depreciation of property, plant and equipment	4,289	3,759	1,841	1,846
Depreciation of investment property	20	19	253	253
Amortisation of intangible assets	4,454	3,213	1,453	1,501
Profit on disposal of property, plant and equipment	(192)	(197)	(155)	(175)
Net finance expense/(income)	378	855	(3,385)	(1,480)
Retirement benefit contributions less the current and past service charge	54	(190)	54	(190)
Share of joint venture loss/(profit)	520	(228)	–	62
Research and development expenditure credit	(382)	(306)	(256)	(193)
Effects of exchange rate movements	952	(520)	579	(154)
Changes in working capital				
– Decrease/(increase) in inventories	3,117	(8,986)	1,551	(5,449)
– (Increase)/decrease in trade and other receivables	(98)	(603)	141	5,041
– (Decrease)/increase in payables and provisions	(3,830)	3,870	931	(1,322)
Cash generated from operations	36,216	24,789	22,506	14,982

30 Capital commitments

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Land	2,000	–	2,000	–
Buildings	298	–	–	–
Property, plant and equipment	229	602	–	516

31 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 £3,334,000 (2022: £3,439,000), for the Group and the Company, 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.

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 2023			
Financial assets at amortised cost	2,853	–	2,853
Financial assets at fair value through other comprehensive income	–	3,364	3,364
Trade and other receivables	33,032	–	33,032
Short-term financial assets	4	–	4
Cash and cash equivalents	35,013	–	35,013
Total	70,902	3,364	74,266

Group	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2022			
Financial assets at amortised cost	2,924	–	2,924
Financial assets at fair value through other comprehensive income	–	3,470	3,470
Trade and other receivables	31,738	–	31,738
Short-term financial assets	5,079	–	5,079
Cash and cash equivalents	35,505	–	35,505
Total	75,246	3,470	78,716

Company	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2023			
Financial assets at amortised cost	52,126	–	52,126
Financial assets at fair value through other comprehensive income	–	3,334	3,334
Trade and other receivables	24,693	–	24,693
Cash and cash equivalents	25,527	–	25,527
Total	102,346	3,334	105,680

31 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 2022			
Financial assets at amortised cost	33,682	–	33,682
Financial assets at fair value through other comprehensive income	–	3,439	3,439
Trade and other receivables	23,857	–	23,857
Short-term financial assets	5,075	–	5,075
Cash and cash equivalents	28,221	–	28,221
Total	90,835	3,439	94,274

The above analysis excludes prepayments.

	Group		Company	
Liabilities as per statement of financial position	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade and other payables (excluding statutory liabilities)	17,420	18,426	14,273	14,593
Redemption liability	15,311	11,918	–	–
Deferred and contingent consideration	2,857	6,190	–	–
Other payables	51	40	–	–
Financial liabilities	2,896	2,162	–	–
Lease liabilities	4,634	3,016	26	–

Financial liabilities are measured at amortised cost. The maturity analysis for lease liabilities is shown in note 21.

Contractual cash flows relating to current financial liabilities are all due within one year, and are equal to their carrying value.

The Group and Company did not have derivative financial instruments at 30 June 2023 or 30 June 2022. All assets and liabilities above are considered to be at fair value.

32 Related party transactions

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

2023	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	720	231	42	–	150
Solite Europe Limited	1,058	364	202	–	300
Portland Lighting Limited	3	4	78	–	400
TRT Lighting Limited	1,859	1,034	162	–	–
Thorlux Lighting L.L.C.	–	202	–	–	–
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	–	–	–
Lightronics B.V.	251	618	–	–	–
Thorlux Australasia PTY Limited	–	744	–	–	–
Thorlux Lighting GmbH	–	–	–	520	–
Famostar Emergency Lighting B.V.	33	391	–	–	–
Thorlux Lighting Limited	–	5,818	–	–	–
FW Thorpe Espana S.L.U.	–	–	–	–	–
Electrozemper S.A.	18	–	4	14	–
Zemper France S.A.R.L.	–	10	–	–	–
R.G.B. S.L.	–	–	–	–	–
Lumen Intelligence Holding GmbH	–	–	–	–	–
SchahlLED Lighting GmbH	–	4,054	–	–	–

2022	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	581	166	42	–	250
Solite Europe Limited	1,477	512	144	–	100
Portland Lighting Limited	19	5	75	–	350
TRT Lighting Limited	2,874	1,090	–	–	–
Thorlux Lighting L.L.C.	–	176	19	–	–
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	–	–	–
Lightronics B.V.	229	2,269	–	–	–
Thorlux Australasia PTY Limited	–	558	–	–	–
Thorlux Lighting GmbH	–	–	–	539	–
Famostar Emergency Lighting B.V.	–	395	–	–	–
Thorlux Lighting Limited	–	295	–	–	–
FW Thorpe Espana S.L.U.	–	–	–	–	–
Electrozemper S.A.	–	–	–	–	–
Zemper France S.A.R.L.	–	–	–	–	–
R.G.B. S.L.	–	–	–	–	–

32 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Philip Payne Limited	(868)	(552)	61	57
Solite Europe Limited	(1,291)	(803)	88	262
Portland Lighting Limited	(465)	(677)	40	32
TRT Lighting Limited	(1,490)	(973)	250	978
Thorlux Lighting L.L.C.	–	–	316	300
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	2,224	1,276
Lightronics B.V.	(192)	(144)	7	551
Thorlux Australasia PTY Limited	–	–	1,987	1,736
Thorlux Lighting GmbH	(147)	(178)	–	–
Famostar Emergency Lighting B.V.	(3)	–	20	1
Thorlux Lighting Limited	(1,391)	(364)	1,492	314
FW Thorpe Espana S.L.U.	–	–	1,716	–
Electrozemper S.A.	(30)	–	–	–
Zemper France S.A.R.L	(86)	–	10	–
R.G.B. S.L.	–	–	–	–
Lumen Intelligence Holding GmbH	–	–	–	–
SchahlLED Lighting GmbH	–	–	3,063	–
Total	(5,963)	(3,691)	11,274	5,507

Trading balances arise from transactions of goods and services carried out under normal commercial terms. The Company has made provisions for trade receivables of £930,000 (2022: £806,000) due from Thorlux Australasia PTY Limited and £515,000 (2022: £303,000) due from Thorlux Lighting L.L.C. The amounts due from subsidiaries are net of provisions.

The Company has loan balances due from FW Thorpe Espana of €31,278,000 (£26,892,000) (2022: €23,125,000 (£19,914,000)), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) of €27,272,000 (£23,447,000) (2022: €12,049,000 (£10,367,000)), Thorlux Lighting L.L.C. £2,175,000 (2022: £1,864,000) and Thorlux Lighting Limited €325,000 (£280,000) (2022: €310,000 (£267,000)). The Company has made provisions for loan receivable from Thorlux Lighting L.L.C. of £2,175,000 (2022: £771,000).

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 95 to 98. There are 2 employees who are related parties (2022: 2). Total remuneration for the year was £104,000 (2022: £94,000).

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 £nil (2022: £328,000) and purchased goods and services amounting to £nil (2022: £47,000). At the year end there were trade balances due to Luxintec S.L. of £31,000 (2022: £31,000) and £338,000 due from Luxintec S.L. (2022: £338,000). The Company has made a provision of £338,000 (2022: £338,000) against the receivables due from Luxintec S.L.

In 2021 a loan of €869,000 was provided to Luxintec S.L. with interest payable at 1.5% secured against the company's assets. At the date of the financial statements, the loan notes balance including interest was €281,000 (2022: €281,000) equating to £240,000 (2022: £242,000) at the end of year exchange rate, including a provision of €589,000 (£506,000) (2022: €589,000 (£507,000)) (see note 12).

During the year, the non-controlling interests of ElectroZemper S.A. provided services to the Group of €750,000 (£651,000) (2022: €558,000 (£472,000)) and received services from the Group of €9,000 (£8,000) (2022: €6,000 (£5,000). The balances due from and due to these non-controlling interests were €11,000 (£9,000) (2022: €11,000 (£10,000)) and €nil (£nil) (2022: €141,000 (£122,000)), respectively.

33 Group companies

The parent Company has the following investments as at 30 June 2023 and 30 June 2022:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by Group and Company: 30 June 2023	30 June 2022
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%
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	Netherlands	Ordinary €0.01 shares	100%	100%
Lightronics B.V. (investment held by F.W. Thorpe Nederland 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 FW Thorpe Nederland 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%
FW Thorpe Espana S.L.U.	Spain	Ordinary €1 shares	100%	100%
Electrozemper S.A. (investment held by FW Thorpe Espana S.L.U.)	Spain	Ordinary €1,250 shares	76.5%	63%
Zemper France S.A.R.L (investment held by Electrozemper S.A.)	France	Ordinary €1,000 shares	76.5%	63%
R.G.B. S.L (investment held by Electrozemper S.A.)	Spain	Ordinary €60 shares	76.5%	63%
Ratio Holding B.V. (Investment held by FW Thorpe Nederland B.V.)	Netherlands	Ordinary €1 shares	50%	50%
Ratio Electric B.V. (investment held by Ratio Holding B.V.)	Netherlands	Ordinary €1 shares	50%	50%
Ratio EV Limited (investment held by Ratio Holding B.V.)	England	Ordinary £1 shares	50%	50%
Lumen Intelligence Holding GmbH (investment held by FW Thorpe Nederland B.V.)	Germany	Ordinary €1 shares	80%	–
SchahlLED Lighting GmbH (investment held by Lumen Intelligence Holding GmbH)	Germany	Ordinary €1 shares	80%	–

Notes to the financial statements. continued

For the year ended 30 June 2023

33 Group companies continued

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
FW Thorpe Nederland B.V. (formerly 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
FW Thorpe Espana S.L.U.	Calle Conde de Aranda, 1, 2º izq., 28002 Madrid, Spain
Electrozemper S.A.	C/ Juan de Mariana, 16 Local 2 Drcha, 28045 Madrid, Spain
Zemper France S.A.R.L.	189 Chemin des Frozières ZA des Berthilliers, 71850 Charnay-Les-Macon, France
R.G.B. S.L.	C/ Flauta Magica 19, 29006 Malaga, Spain
Ratio Holding B.V.	Ambachtsstraat 12, 3861 RH Nijkerk, Netherlands
Ratio Electric B.V.	Ambachtsstraat 12, 3861 RH Nijkerk, Netherlands
Ratio EV Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Lumen Intelligence Holding GmbH	Max-Planck-Straße 9, 85716 Unterschleißheim, Germany
SchahlLED Lighting GmbH	Max-Planck-Straße 9, 85716 Unterschleißheim, Germany

33 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
FW Thorpe Nederland B.V. (formerly 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
FW Thorpe Espana S.L.U.	– holding company
Electrozemper S.A.	– design and manufacture of illuminated signs
Zemper France S.A.R.L.	– sale of lighting equipment to industrial and commercial markets
R.G.B. S.L.	– sale of lighting equipment to industrial and commercial markets
Ratio Holding B.V.	– holding company
Ratio Electric B.V.	– sale of lighting equipment to industrial and commercial markets
Ratio EV Limited	– sale of lighting equipment to industrial and commercial markets
Lumen Intelligence Holding GmbH	– holding company
SchahlLED Lighting GmbH	– sale of lighting equipment to industrial and commercial markets

For the year ended 30 June 2023, 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.

34 Business combination

On 23 September 2022, the Group acquired 80% of the share capital and hence control of Lumen Intelligence Holding GmbH, a company that holds 100% equity interest in SchahlLED Lighting GmbH, a turnkey provider of intelligent energy saving lighting products for the industrial and logistics sectors. The company was acquired for an initial consideration of €14.6m (£12.9m). There is a fixed commitment to acquire the remaining shares, based on current best estimates, a further €7.5m (£6.6m) could be payable, which is subject to future performance conditions. Amounts recognised in respect of this acquisition are shown below:

	€'000	£'000
Intangible assets	8,124	7,151
Property, plant & equipment	57	50
Right of use assets	109	96
Deferred tax assets	150	132
Inventories	4,450	3,917
Trade and other receivables	3,856	3,394
Cash	324	286
Trade and other payables	(4,466)	(3,931)
Financial liabilities	(2,563)	(2,256)
Lease liabilities	(549)	(483)
Current income tax liabilities	(729)	(642)
Provisions for liabilities and charges	(800)	(704)
Deferred tax Liabilities	(2,428)	(2,137)
Total identifiable assets	5,535	4,873
Goodwill	16,616	14,624
Total purchase consideration	22,151	19,497
Total purchase consideration satisfied by:		
Cash	14,643	12,888
Redemption liability	5,185	4,563
Contingent consideration	2,323	2,046
Total consideration	22,151	19,497
Net cash flow arising acquisition of subsidiaries		
Cash consideration	14,643	12,888
Less cash in subsidiaries acquired	(324)	(286)
Cash outflow on acquisition of subsidiaries	14,319	12,602

34 Business combination continued

On acquisition, a valuation exercise on the assets and liabilities of Lumen Intelligence Holding GmbH has been performed; the book value of all assets and liabilities except for warranties are considered to represent fair value. For provision for warranties, additional provision of €500,000 (£440,000) was applied to reflect the longer term nature of these commitments.

Fair value of intangible assets was assessed and determined on the basis of brand name and customer relationships acquired. Brand name elements was determined using an industry typical royalty rate over a ten years period and customer relationships was determined using an industry typical royalty rate over a six years period, all discounted to the present day.

The goodwill relates to the on going level of profitability of the business model, opportunity to sell existing Group and third party products into the German market and potential sourcing benefits for Group companies.

The acquisition of Lumen Intelligence Holding GmbH has been accounted for as if the Group acquired 100% of its share capital as the Group has a commitment and obligation to acquire the remaining outstanding shares in Lumen Intelligence Holding GmbH. Therefore, any post-acquisition profits attributable to non-controlling interests are treated as finance expense of the Group.

For the nine months to 30 June 2023 the Lumen companies contributed €19.3m (£16.9m) to Group revenue and €1.2m (£1.0m) to Group profit before tax for the current financial year.

If the acquisition had occurred on 1 July 2022 the consolidated proforma revenue and profit before tax for the year ended 30 June 2023 would have been €23.9m (£20.8m) and €1.3m (£1.1m) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged, assuming that the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2022, together with the consequential tax benefits.

35 Events after the statement of financial position date

On 17 July 2023, the Group completed its commitment to purchase a piece of land in Wales for a consideration of £2.0m. The land will be used to plant trees as part of the Group's effort to reduce its carbon emission footprint.

On 3 October 2023, the Group paid the third tranche of payments for the acquisition of Electrozemper S.A. totalling €5.0m (£4.3m).

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 16 November 2023 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 2023.
2. To declare a final dividend.
3. To re-elect Mr M Allcock as a director.
4. To re-elect Mr C Muncaster as a director.
5. To elect Mr F Haafkens as a director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company and to authorise the directors to fix the auditors' remuneration.

Special business

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

7. That the directors' remuneration report (as set out on pages 95 to 98 of the Annual Report and Accounts) for the year ended 30 June 2023 be approved.
8. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each of the Company provided that:
    a. the maximum number of ordinary shares hereby authorised to be acquired is 11,893,559;
    b. the minimum price which may be paid for any such share is 1p;
    c. the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from the Alternative Investment Market for the five business days immediately preceding the day on which such share is contracted to be purchased;
    d. the authority hereby conferred shall expire on the date of the Annual General Meeting of the Company in 2024; 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 14 November 2023 (or, in the event of any adjournment, 6:30pm 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.

Notes continued

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 14 November 2023 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 14 November 2023 (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 12 October 2023 (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 1,704,004 shares held in treasury, the total voting rights in the Company as at 12 October 2023 are 117,231,586.

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

12 October 2023

Financial calendar.

2023

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

2024

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

Company Information.

Independent Auditors
PricewaterhouseCoopers LLP
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Bankers
Lloyds
Church Green East
Redditch
Worcestershire
B98 8BZ

Solicitors
Keystone Law
48 Chancery Lane
London
WC2A 1JF

Pinsent Masons LLP
19 Cornwall Street
Birmingham
B3 2FF

Nominated Adviser
Singer Capital Markets
12 Smithfield Street
London
EC1A 9BD

Registrars
Equiniti
Aspect House
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Registered Office
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Redditch
Worcestershire
B98 9HH

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