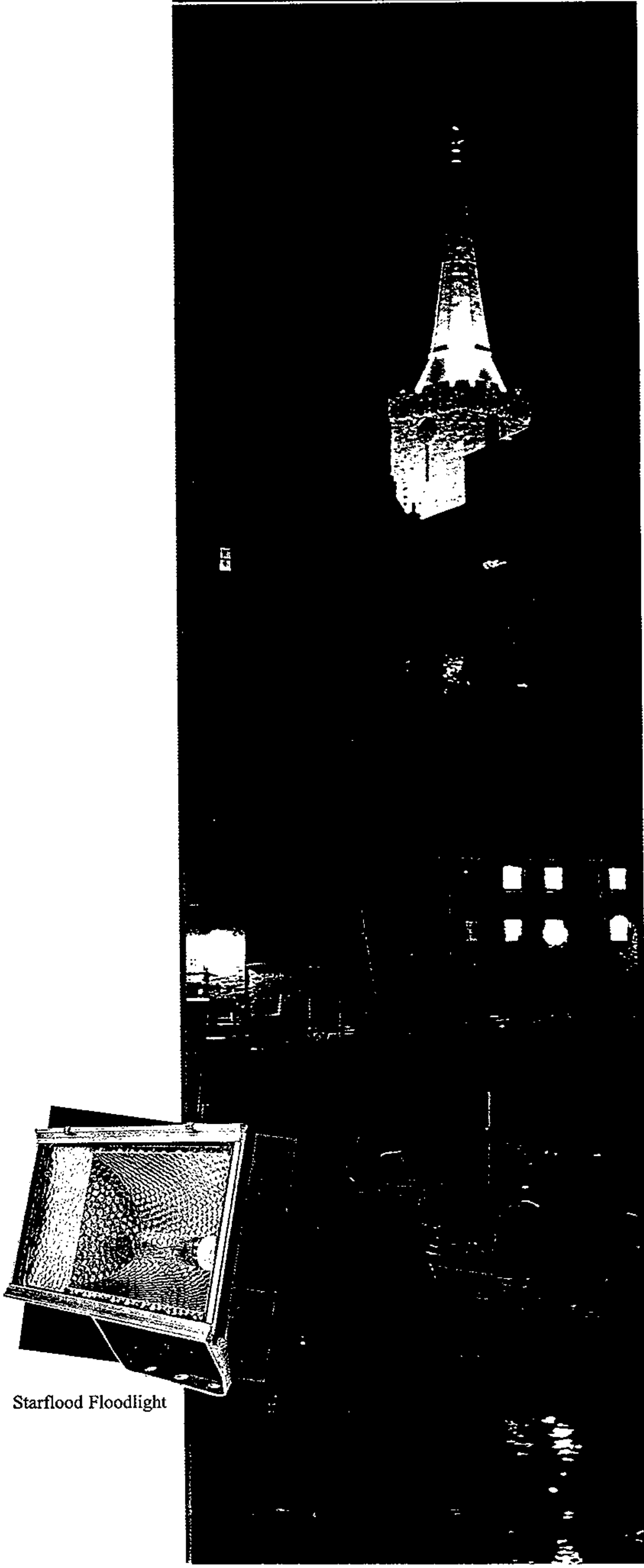
317886

FW THORPE PLC



Starflood Floodlight

St Marys Church, Tenby, Wales. Floodlit by Starfloods.

Annual Report & Accounts 1995

Contents

F W Thorpe PLC

F W Thorpe Group manufactures a comprehensive range of interior and exterior quality lighting equipment for industrial and commercial applications. The Group operates out of modern UK manufacturing facilities in Redditch, Aldridge and Portsmouth and its products are sold throughout the world.

Highlights

- *Sales increased by 7.4% to £21 million*
- *Profit before taxation increased by 25% to £3.1 million*
- *Earnings per share increased by 20%*

Directors and Officers

Directors C. M. Brangwin, BSc CEng MIEE–*Chairman and Chief Executive*

P. D. Mason, BSc Eng FCA

A. B. Thorpe

I. A. Thorpe

M. D. Lippold–*Non-Executive Director*

E. G. Thorpe–retired 9 November 1994

Secretary P. D. Mason, BSc Eng FCA

Auditors Coopers & Lybrand
35 Bull Street
Birmingham B4 6JT

Bankers Lloyds Bank PLC
Church Green East
Redditch
Worcestershire B98 8BZ

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

Registrars Lloyds Bank PLC
The Causeway
Goring-By-Sea
Worthing
West Sussex BN12 6DA

Registered No. 317886

Five Year Financial Record

	1991 £'000	1992 £'000	1993 £'000	1994 £'000	**1995** **£'000**
Turnover	13,275	14,739	16,122	19,468	**20,913**
Operating profit	1,508	1,623	1,497	2,340	**2,832**
Share of loss of associated undertaking	(122)	(49)	(57)	–	**–**
Interest receivable and similar income	218	251	216	170	**308**
Profit before taxation	1,604	1,825	1,656	2,510	**3,140**
Taxation	589	621	592	808	**1,050**
Profit after taxation	1,015	1,204	1,064	1,702	**2,090**
Dividends	265	310	331	404	**515**
Net assets	9,045	9,946	10,447	11,880	**13,564**
Earnings per share	8.2p	9.7p	8.6p	13.7p	**16.4p**
Dividends per share	2.1p	2.5p	2.7p	3.2p	**4.0p**
Net assets per share	73p	80p	84p	94p	**106p**

Chairman's Statement

As your new Chairman I am particularly pleased to report another successful year for your Company. Our turnover rose to a new record figure of £20.9 million which represents an increase of 7.4% over last year. The profit before tax increased by 25% to £3.1 million and earnings per share improved by 20% to 16.4p. Our improved cash position generated greater investment income than last year and our balance sheet remains strong.

In view of these results the Board are recommending a final dividend of 2.75p per share, which when added to the paid interim dividend makes an increase of 25% when compared to the total for last year.

Thorlux Lighting The year under review has been a satisfactory one for Thorlux Lighting. The Company continues to make its mark in the commercial and office lighting sector, helped by its investment in energy saving systems (the Eco-system). Continuous in-house development of these products ensures that we remain at the forefront of this relatively new and growing market.

The industrial and floodlighting products in our catalogue range still enjoy good sales but notwithstanding this, one of the key strategic aims of the Company is to continuously review our designs thus maintaining our leading position in the lighting market.

The building extensions referred to in last year's report will incorporate a new technical and design facility which is planned to be completed in the Spring of 1996. The production space will be available by the end of this year and coupled with investment in new manufacturing plant will provide us with sufficient capacity for the medium term.

Our performance in the export markets has been particularly successful where turnover increased by 24% and now represents 18% of the turnover. I am confident that with our catalogue of very marketable products and with a competitive value to the pound our sales will continue to grow.

Mackwell Electronics Mackwell continues to be a strong performer and this year has produced record turnover and profit figures.

Apart from its sales of emergency lighting products, the expertise in electronics design and production has been a great benefit to Thorlux Lighting in the development of the Eco-system referred to above. Further investment in people and productive machinery over the next year will maintain Mackwell's position as an important member of the Group.

Axis Lighting Axis contributed to Group profit through its small niche market of innovative display lighting products. With effect from 30 June 1995 this Company's assets were transferred to F W Thorpe PLC. We will continue to sell the products under the Axis name as a division of F W Thorpe.

Chairman's Statement

Compact Lighting The expected improvement in Compact's performance has been realised over the past twelve months. Better housekeeping and investment in new product design enabled the business to show a small operating profit for the year as a whole.

Compact has outgrown its existing production space and the Board has sanctioned a move into a larger factory and office unit adjacent to the existing one to enable the business to continue to grow.

People Since the last annual report there have been a number of executive changes.

In July, Michael Lippold retired as Chairman after a total of 25 years with F W Thorpe. Over those years the Company has developed and grown significantly due in no small part to his enthusiasm and leadership. We all wish him a very long and happy retirement, and are delighted that his experience will still be available to the Board as a Non-Executive Director.

Roy Monery retired as Managing Director of Mackwell at the end of July and we wish him also, a long and happy retirement.

We welcome Dr David Dimeloe as the new Managing Director of Mackwell where his experience in the electronics industry will be of great benefit to the Company.

The Board of Thorlux Lighting has been strengthened by the appointment of two further directors, these being promotions from within the Company.

As always, the results reported here could not have been achieved without the continuing enthusiasm and team-work of our employees in all the Group Companies. On your behalf I would thank them for all their efforts over the past year.

The future The performance of all the Companies in the forthcoming months will depend to a very large extent on the conditions prevailing in the market. The consensus of opinion suggests that the improvement in business confidence seen earlier in the year does now seem to have moderated to some extent. In the past three months our home market turnover has been comparable with the same period last year, whilst export shows some improvement. We have new products shortly to be launched and with the ongoing success of the energy saving systems referred to earlier I have every confidence in the continuing success of all companies in the Group.

Colin Brangwin
Chairman

28 September 1995

Report of the Directors

Report of the directors The directors have pleasure in submitting their annual report and the audited accounts of the Group for the year ended 30 June 1995.

Principal activity and business review The main activity of the Group continues to be the manufacture of industrial and commercial lighting equipment. A review of the business is included in the Chairman's Statement on page 4.

Results and dividends The results for the year are set out in detail on page 10.
On 16 May 1995 the Company paid an interim dividend of 1.25p per share.

The directors recommend the payment of a final dividend of 2.75p per share and, after these dividends £1.575 million is available to be added to reserves.

Directors and directors' interests The directors listed below were in office throughout the whole of the year. Directors' interests in the share capital of the company at 30 June 1995 and 30 June 1994 and movements in their share options in the year were as follows:

	Ordinary shares of 10p				
	Beneficial		Options		
	1995	1994	**1995**	Exercised	1994
M. D. Lippold	**145,119**	148,188	**–**	–	–
C. M. Brangwin	**944,155**	895,224	**20,000**	(42,000)	62,000
P. D. Mason	**16,931**	10,000	**98,156**	–	98,156
A. B. Thorpe	**2,624,060**	2,624,060	**80,000**	–	80,000
I. A. Thorpe	**2,500,812**	2,612,812	**–**	–	–

M. D. Lippold disposed of 6,000 shares on 21 July 1995.

C. M. Brangwin disposed of 3,000 shares on 24 July 1995.

A. B. Thorpe disposed of 10,000 shares on 26 July 1995.

The market price of the Company's shares at the beginning and end of the financial year was 196p and 252p respectively.

In addition C. M. Brangwin and E. G. Thorpe have a joint non-beneficial interest in 162,348 shares.

Details of the share options granted to C. M. Brangwin, P. D. Mason and A. B. Thorpe at 30 June 1995 are as follows:

	Date granted	Option price per ordinary share	Number of options	Exercise period
C. M. Brangwin	17 April 1989	92p	20,000	Before 17 April 1999
P. D. Mason	17 April 1989	92p	98,156	Before 17 April 1999
A. B. Thorpe	28 January 1986	42.5p	60,000	Before 28 January 1996
	17 April 1989	92p	20,000	Before 17 April 1999

A. B. Thorpe exercised options on 10,000 shares (option price 42.5p) on 26 July 1995.

P. D. Mason exercised options on 40,000 shares (option price 92p) on 16 July 1995.

During the year no director had any beneficial interest in any material contracts with the Company, or any of its subsidiaries, other than share options shown above and service contracts.

E. G. Thorpe retired on 9 November 1994.

The director retiring by rotation is M. D. Lippold who, being eligible, offers himself for re-election.

M. D. Lippold has no service contract with the Company.

Report of the Directors

Substantial interests At 28 September 1995 the Company had received notification of the following interests in 3 per cent or more of the issued share capital:

Britannic Assurance PLC	690,000 shares	(5.4 per cent)
Lucas Pensions Trust	540,000 shares	(4.2 per cent)
E. G. Thorpe	852,244 shares	(6.6 per cent)
AES Smaller Companies Unit Trust	400,000 shares	(3.1 per cent)

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

Fixed assets Details of the movement in fixed assets are shown in note 11 and 12 to the accounts. The directors are of the opinion that the market value of the freehold land and buildings is in excess of their net book value.

Company status In the opinion of the directors the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988 and there has been no change in this respect since 30 June 1995.

Charitable gifts During the year the Company gave £1,315 for charitable purposes.

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

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

The involvement of employees in the Company's performance is encouraged by various incentive schemes including an Inland Revenue approved profit related pay scheme and SAYE share scheme.

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

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

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

Auditors A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

Directors' authority to issue shares The London Stock Exchange no longer requires the consent of shareholders to each issue by the Company of equity capital for cash made otherwise than to existing shareholders in proportion to their existing shareholdings. This relaxation is subject to the Company obtaining the authority of shareholders under Section 95 of the Companies Act 1985 to disapply generally the provisions of Section 89 of that Act..

Ordinary resolution number 5 and special resolution number 6 would give the directors the authority to allot ordinary shares up to an aggregate nominal amount of £218,234 and would further empower them to allot ordinary shares for cash up to a maximum of £64,088 (representing 5% of the issued equity share capital of the Company) other than pro rata to existing members as if section 89(1) of the Companies Act did not apply. These authorities, if approved, would expire at the conclusion of the next annual general meeting, save that the authority relating to Section 89(1) would expire 15 months after being passed, if earlier.

Report of the Directors

Post balance sheet events The directors are currently in the process of reviewing and amending the Company's pension scheme and new arrangements are expected to be in place by October 1995.

Corporate governance *Code of Best Practice*

The Code of Best Practice was published in December 1992 by the Committee on the Financial Aspects of Corporate Governance. As reported last year the directors examined carefully how far the current practice of the Company conforms with the recommendations made in the Code of Best Practice and fully endorse the principles of openness, integrity and accountability by the Code.

The Company continues to be proprietorial in nature and the directors act as a unitary Board and as a consequence are unable to see the benefits of splitting the Board into sub-committees and in particular to constitute audit and remuneration committees. The Auditors have direct access to all members of the Board and attend and present their reports at appropriate Board Meetings.

The Board nevertheless recognises the importance of seeking independent advice on certain issues and in particular during the last year engaged an independent experienced Company director to carry out a review of directors' remuneration. The report presented concluded that the directors' present remuneration policy is appropriate for the size of the Company.

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

Mr. C. M. Brangwin is Chairman and Chief Executive, but it is felt that the current composition and operation of the Board is adequate to ensure a balance of power and authority. Mr. M. D. Lippold, on retiring as previous Group Chairman, accepted appointment as a Non-Executive Director and the Board considers his advice and wisdom to be independent of the Executive Directors. However the Board recognises that a second and independent Non-Executive Director may be appropriate for the size of the company and will consider carefully such an appointment.

The Company is considering the requirements of the provisions of the Code relating to reporting on the effectiveness of internal financial controls which will come into force during the current financial year.

Going concern After making enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Our Auditors have reported to the Company that in their opinion the directors' comments above on going concern provide the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance) and are not inconsistent with the information of which they are aware from their audit work on the financial statements, and that the above statement appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the London Stock Exchange for their review. They have not carried out the additional work necessary to, and do not express any opinion on the effectiveness of the Group's corporate governance procedures, nor the ability of the Group to continue in operational existence.

Insurance of directors The Group maintains insurance for F. W. Thorpe PLC directors in respect of their duties as directors.

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

By order of the Board

P. D. Mason

Company Secretary

28 September1995

Statement of Directors' Responsibilities

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

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities.

Report of the Auditors

To the members of F W Thorpe PLC

We have audited the financial statements on pages 10 to 20.

Respective responsibilities of directors and auditors As described above, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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

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

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 1995 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers
& Lybrand Coopers & Lybrand.

Chartered Accountants and Registered Auditors

Birmingham

28 September 1995

Consolidated Profit and Loss Account

For the year ended 30 June 1995

	Notes	1995 £'000	1994 £'000
Turnover	2	**20,913**	19,468
Cost of sales		**13,082**	12,430
Gross profit		**7,831**	7,038
Net operating expenses	3	**4,999**	4,698
Operating profit		**2,832**	2,340
Interest receivable and similar income	7	**308**	170
Profit on ordinary activities before taxation	4	**3,140**	2,510
Taxation on profit on ordinary activities	8	**1,050**	808
Profit for the year	9	**2,090**	1,702
Dividends	9	**515**	404
Retained profit for the year		**1,575**	1,298
Earnings per ordinary share	10	**16.4p**	13.7p
Statement of retained profit			
At 30 June 1994		**10,479**	9,181
Retained profit for the year		**1,575**	1,298
At 30 June 1995		**12,054**	10,479

All operations in the year were continuing operations.

The Company has no recognised gains and losses in the year other than the profit for the year.

There is no difference between the result as disclosed in the profit and loss account and the result on a historical cost basis.

The notes on pages 13 to 20 form part of these accounts.

The report of the auditors is on page 9.

Consolidated and Company Balance Sheets

At 30 June 1995

	Notes	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Fixed assets					
Tangible assets	11	**4,890**	4,798	**4,684**	4,632
Investments	12	**301**	53	**589**	230
Current assets					
Stocks	13	**4,020**	3,280	**3,271**	2,474
Debtors	14	**3,807**	3,904	**3,934**	3,851
Investments	15	**4,531**	3,960	**4,531**	3,960
Cash at bank and in hand		**525**	–	**411**	191
		12,883	11,144	**12,147**	10,476
Creditors					
Amounts falling due within one year	16	**4,250**	3,812	**3,550**	3,098
Net current assets		**8,633**	7,332	**8,597**	7,378
Total assets less current liabilities		**13,824**	12,183	**13,870**	12,240
Provisions for liabilities and charges					
Deferred taxation	17	**260**	303	**260**	303
Net assets		**13,564**	11,880	**13,610**	11,937
Capital and reserves					
Called up share capital	18	**1,282**	1,264	**1,282**	1,264
Share premium account	18	**228**	137	**228**	137
Profit and loss account		**12,054**	10,479	**12,100**	10,536
Equity shareholders' funds	24	**13,564**	11,880	**13,610**	11,937

These accounts were approved by the board on 28 September 1995

C. M. Brangwin
P. D. Mason *Directors*

The notes on pages 13 to 20 form part of these accounts.

The report of the auditors is on page 9.

Consolidated Cash Flow Statement

For the year ended 30 June 1995

	Notes	1995 £'000	1995 £'000	1994 £'000	1994 £'000
Net cash inflow from continuing operating activities	19		**2,915**		2,007
Returns on investments and servicing of finance					
Interest received		**267**		159	
Dividends received		**11**		11	
Dividends paid		**(439)**		(358)	
Net cash outflow from returns on investments and servicing of finance			**(161)**		(188)
UK corporation tax paid		**(852)**		(464)	
Tax paid			**(852)**		(464)
Investing activities					
Purchase of tangible fixed assets		**(764)**		(431)	
Purchase of fixed asset investments		**(248)**		(2)	
Purchase of current asset investments		**(250)**		–	
Sale of plant and equipment		**121**		29	
Sale of fixed asset investments		**–**		16	
Net cash outflow from investing activities			**(1,141)**		(388)
Net cash inflow before financing			**761**		967
Financing					
Issue of ordinary share capital	19	**(109)**		(135)	
Net cash inflow from financing			**(109)**		(135)
Increase in cash and cash equivalents	19		**870**		1,102
			761		967

The notes on pages 13 to 20 form part of these accounts.

The report of the auditors is on page 9.

Notes to the Accounts

For the year ended 30 June 1995

1 Accounting policies

Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. A summary of the more important accounting policies which have been applied consistently is set out below:

Basis of consolidation
The consolidated accounts include the accounts of the Company, and its subsidiaries which are prepared to 30 June. The goodwill arising on consolidation, representing the excess of purchase price for the Company over the fair value ascribed to its net assets at the date of acquisition, is written off against reserves.

Turnover
Turnover represents the invoiced value of sales, excluding value added tax.

Research and development
Research and development expenditure is written off directly to the profit and loss account in the year in which it occurs.

Tangible fixed assets and depreciation
Depreciation is calculated on the basis shown below. The following rates of depreciation are applied to write off the original cost of assets over their estimated useful lives:
Freehold building straight line at 2%
Plant, equipment, fixtures and fittings straight line at 7% to 50%
No depreciation is charged on freehold land.

Investment property
The investment property is included at current valuation.

Fixed asset investments
Shares in subsidiary undertakings are stated at their underlying net asset value determined under these accounting policies.

Listed investments are stated at cost less any provisions necessary for diminution in value.

Stocks
Stocks are valued at the lower of cost and net realisable value. Cost represents the cost of materials and in the case of work in progress and finished goods, the cost of direct labour and those production overheads incurred in bringing the stock to its present location and condition, related to the normal level of activity. Due allowance is made for obsolete and slow moving stocks.

Debtors
Known bad debts are written off and specific provision is made for any debts considered to be doubtful.

Deferred taxation
Provision for deferred taxation is made where in the opinion of the directors there is reasonable probability that the taxation will become payable in the foreseeable future. The provision is calculated at the rates of taxation expected to apply when the provision is utilised.

Pensions
Contributions to the pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

2 Analysis of turnover

The turnover attributable to each of the Group's geographical markets is:

	1995	1994
	£'000	£'000
United Kingdom	**17,358**	16,552
Other European countries	**1,234**	1,268
Africa	**35**	59
North and South America	**56**	23
Middle East	**817**	679
India, Australia and Far East	**1,413**	887
	20,913	19,468

All turnover, profit before taxation and net assets originate in the UK.

Notes to the Accounts

3 Net operating expenses– continuing operations

	1995 £'000	1994 £'000
Distribution costs	**1,538**	1,452
Administrative expenses	**3,461**	3,246
	4,999	4,698

4 Profit before taxation

	1995 £'000	1994 £'000
Profit on ordinary activities before taxation is stated after charging::		
Depreciation of tangible assets	**568**	523
Auditors' remuneration for audit (Company £20,000, *1994 £17,000*)	**29**	28
Hire of other assets (operating leases)	**41**	41
Research and development	**268**	223

Remuneration of the Company's auditors for provision of non-audit services to the Company and its subsidiaries was £12,000 *(1994: £17,000).*

5 Directors' emoluments

	1995 £'000	1994 £'000
Fees	**1**	1
Salary payments (including benefits in kind)	**430**	381
Pension contributions	**34**	35
Annual incentive payments	**63**	81
	528	498
Aggregate pensions payable to past directors otherwise than under a constituted scheme	**25**	–

Fees and other emoluments include amounts paid to:

	1995 Chairman £'000	1995 Highest paid director £'000	1994 Chairman £'000	1994 Highest paid director £'000
Salary payments	**97**	**103**	77	72
Annual incentive payments	**6**	**6**	9	20
Fees and other emoluments before pensions	**103**	**109**	86	92
Pension contributions	**–**	**10**	–	10
	103	**119**	86	102

Number of directors (including the chairman and highest paid director) whose emoluments were within the ranges:	Number (1995)	Number (1994)
£15,001 – £20,000	**1**	–
£45,001 – £50,000	**–**	1
£70,001 – £75,000	**–**	1
£80,001 – £85,000	**1**	2
£85,001 – £90,000	**1**	1
£90,001 – £95,000	**1**	1
£100,001 – £105,000	**1**	–
£105,001 – £110,000	**1**	–

6 Employee information

	1995 Number	1994 Number
(a) The average number of employees employed by the Group (including executive directors) during the year is analysed below:		
Production	**227**	216
Selling and distribution	**72**	62
Administration	**86**	77
	385	355

(b) Employment costs of all employees (including executive directors):	**£'000**	£'000
Aggregate gross wages and salaries	**4,974**	4,566
Employers' national insurance contributions	**466**	424
Employers' pension charge	**273**	261
Total direct costs of employment	**5,713**	5,251

7 Interest receivable and similar income

	1995 £'000	1994 £'000
Interest from current asset investments	**297**	159
Income from fixed asset investments	**11**	11
	308	170

Income from investments includes £11,000 *(1994: £10,000)* from listed investments.

8 Taxation on profit on ordinary activities

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% *(1994: 33%)*		
Current	**1,061**	825
Deferred	**(34)**	(5)
Tax credit on franked investment income	**2**	2
Under/(over) provision in respect of prior years		
Current	**17**	(14)
Deferred	**4**	–
	1,050	808

9 Profit for the year and dividends

Profit for the year

As permitted by Section 230 of the Companies Act 1985 the holding company has not published a separate profit and loss account. The Group profit for the year of £2.09 million *(1994: £1.70 million)* includes a profit of £2.08 million *(1994: £1.67 million)* in respect of the holding company.

	1995 £'000	1994 £'000
Dividends		
Interim paid of 1.25p per share *(1994: 1.0p per share)*	**161**	126
Final proposed of 2.75p per share *(1994: 2.2p per share)*	**354**	278
	515	404

10 Earnings per share Earnings per share is calculated on profit on ordinary activities after taxation of £2.09 million *(1994: £1.70 million)* on 12,718,791 *(1994: 12,460,652)* shares being the weighted average shares in issue during the year.

The fully diluted earnings per share is not materially different from the basic earnings per share.

11 Tangible fixed assets

	Group Freehold land and buildings £'000	Group Plant and equipment £'000	Group Total £'000	Company Freehold land and buildings £'000	Company Plant and equipment £'000	Company Total £'000
Cost						
At 1 July 1994	3,071	3,790	6,861	3,071	3,462	6,533
Additions	59	705	764	59	572	631
Disposals	–	(434)	(434)	–	(376)	(376)
Inter-company transfers	–	–	–	–	24	24
At 30 June 1995	**3,130**	**4,061**	**7,191**	**3,130**	**3,682**	**6,812**
Accumulated depreciation						
At 1 July 1994	245	1,818	2,063	245	1,656	1,901
Charge for the year	50	518	568	50	442	492
Disposals	–	(330)	(330)	–	(277)	(277)
Inter-company transfers	–	–	–	–	12	12
At 30 June 1995	**295**	**2,006**	**2,301**	**295**	**1,833**	**2,128**
Net book value						
At 30 June 1995	**2,835**	**2,055**	**4,890**	**2,835**	**1,849**	**4,684**
At 30 June 1994	2,826	1,972	4,798	2,826	1,806	4,632

12 Fixed asset investments

	Group Investment property £000	Group Listed on the Stock Exchange £000	Group Total £000	Company Investment property £000	Company Listed on the Stock Exchange £000	Company Investments in subsidiaries £000	Company Total £000
Cost or valuation							
At 1 July 1994	–	53	53	–	53	361	414
Additions	219	29	248	219	29	–	248
At 30 June 1995	**219**	**82**	**301**	**219**	**82**	**361**	**662**
Amounts written off							
At 1 July 1994	–	–	–	–	–	184	184
Reduction of provision	–	–	–	–	–	(111)	(111)
	–	**–**	**–**	**–**	**–**	**73**	**73**
Net book value							
At 30 June 1995	**219**	**82**	**301**	**219**	**82**	**288**	**589**
At 30 June 1994	–	53	53	–	53	177	230

The aggregate market value of the investments listed on The Stock Exchange is £345,000 *(1994: £305,000).*

The investment property is included at cost in the 1995 figures but for future years will be included at current valuation in accordance with the accounting policies.

Notes to the Accounts

13 Stocks

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Raw materials and components	**1,806**	1,663	**1,237**	1,062
Work in progress	**715**	556	**647**	465
Finished goods	**1,499**	1,061	**1,387**	947
	4,020	3,280	**3,271**	2,474

14 Debtors

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Amounts falling due within one year				
Trade debtors	**3,514**	3,668	**2,808**	2,933
Amounts owed by subsidiary undertakings	**–**	–	**840**	719
Other debtors	**164**	64	**164**	44
Prepayments and accrued income	**129**	172	**122**	155
	3,807	3,904	**3,934**	3,851

15 Current asset investments

	Group and Company 1995 Cost £'000	Group and Company 1994 Cost £'000
Short term bank deposits (up to 3 months)	**4,211**	3,890
Medium term bank deposits (over 3 months)	**250**	–
Other – aggregate market value £214,000 *(1994: £204,000)*	**70**	70
	4,531	3,960

16 Creditors

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Amounts falling due within one year				
Bank overdraft	**–**	24	**–**	–
Trade creditors	**1,931**	1,628	**1,497**	1,173
Corporation tax	**1,074**	833	**958**	817
Other taxation and social security	**291**	353	**259**	331
Other creditors	**279**	356	**276**	348
Accruals	**321**	340	**206**	151
Dividends payable	**354**	278	**354**	278
	4,250	3,812	**3,550**	3,098

17 Deferred taxation

	Group and Company Full potential liability 1995	Group and Company Full potential liability 1994	Group and Company Amount provided 1995	Group and Company Amount provided 1994
Tax effect of timing differences	**£'000**	£'000	**£'000**	£'000
Capital gains deferred	**129**	129	**–**	–
Balancing charge	**118**	118	**–**	–
Capital allowances and timing differences	**355**	372	**342**	372
	602	619	**342**	372
Advance corporation tax recoverable	**(82)**	(69)	**(82)**	(69)
	520	550	**260**	303

Movement in the provision	£'000
At 1 July 1994	303
Release in year	(30)
Advance corporation tax recoverable	(13)
At 30 June 1995	**260**

18 Share capital and share premium

	Authorised Number	Authorised Nominal value	Allotted, called-up and fully paid Number	Allotted, called-up and fully paid Nominal value	Share premium account
Ordinary shares of 10p each		£'000		£'000	£'000
At 1 July 1994	15,000,000	1,500	12,635,152	1,264	137
Exercise of share options	–	–	182,505	18	91
At 30 June 1995	**15,000,000**	**1,500**	**12,817,657**	**1,282**	**228**

Options have been granted for 10p ordinary shares as follows:

Number of shares	*Subscription price per share*	*Period of option*
60,000	42.5p	Before 28 January 1996.
138,156	92p	Before 17 April 1999.
221,651	189p	1 July 2000 to 31 December 2000

Details of the directors' share options are given in the directors' report. During the year 140,505 ordinary shares were issued to employees on the exercise of options under the company's employee share option schemes.

On 2 May 1995 options were granted to employees for 221,651 ordinary shares under the Company's S.A.Y.E. Share Option Scheme.

19 Cashflow

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1995 £'000	1994 £'000
Operating profit	**2,832**	2,340
Depreciation on tangible fixed assets	**568**	523
Profit on sale of tangible fixed assets	**(17)**	(9)
Profit on sale of fixed asset investments	**-**	(15)
Increase in stocks	**(740)**	(235)
Decrease/(increase) in debtors	**127**	(583)
Increase/(decrease) in creditors	**145**	(14)
	2,915	2,007

(b) Analysis of changes in cash and cash equivalents during the year

	1995 £'000	1994 £'000
At 1 July	**3,866**	2,764
Net cash inflow	**1,120**	1,102
At 30 June	**4,986**	3,866

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet

	1995 £'000	**1995 Change in Year £'000**	1994 £'000	*1994 Change in year* £'000	1993 £'000
Cash at bank and in hand	**525**	**525**	–	(158)	158
Bank overdraft	**-**	**24**	(24)	(24)	–
Short term bank deposits	**4,211**	**321**	3,890	1,284	2,606
	4,736	**870**	3,866	1,102	2,764

(d) Analysis of changes in financing during the year

	Share capital (including premium)	
	1995 £'000	1994 £'000
At 1 July	**1,401**	1,266
Shares issued	**109**	135
At 30 June	**1,510**	1,401

20 Capital commitments

Commitments for future capital expenditure at 30 June 1995 were as follows:

	Group **1995 £'000**	*Group* 1994 £'000	*Company* **1995 £'000**	*Company* 1994 £'000
Authorised and contracted for	**451**	–	**451**	–
Authorised by the directors but not yet contracted for	**1,100**	–	**900**	–
	1,551	–	**1,351**	–

Notes to the Accounts

21 Contingent liabilities The Company has given a VAT guarantee to H.M. Customs and Excise for £20,000 (1994 £20,000).

22 Pension scheme The Group operates a pension scheme providing benefits based on a final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 January 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investment and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 1% per annum compound higher than the general increase in wages and salaries and present and future pensions.

The most recent actuarial valuation showed that the market value of the scheme's assets was £2,084,000 and that the actuarial value of those assets represented 88% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The directors are currently in the process of reviewing and amending the Company's pension scheme and new arrangements are expected to be in place by October 1995, including appropriate funding arrangements to eliminate the current deficit.

At 30 June 1995 the accounts included a pension scheme prepayment of £73,000 *(1994 £117,116).*

23 Interests in group undertakings

Name of undertaking	*Country of incorporation and registration*	*Description of shares held*	*Proportion of nominal value of issued shares held by Group and Company*
Mackwell Electronics Ltd	England and Wales	Ordinary £1 shares	100%
Compact Lighting Ltd	England and Wales	Ordinary £1 shares	100%
Axis Lighting Ltd	England and Wales	Ordinary £1 shares	100%

All of the above Companies operated in their country of incorporation and registration.

The principal activities of these subsidiaries are:

Mackwell Electronics Ltd	– design and manufacture of lighting components
Compact Lighting Ltd	– design and manufacture of low energy lighting equipment
Axis Lighting Ltd	– design and distribution of display and architectural lighting equipment.

The results of the subsidiary companies have been included in the consolidated financial statements.

On 30 June 1995 the assets of Axis Lighting Limited were purchased by F W Thorpe PLC. Axis Lighting will continue to trade as a division of F W Thorpe PLC.

Goodwill totalling £348,000 has been written off to reserves in prior years.

24 Reconciliation of movements in equity shareholders' funds

	Year ended 30 June 1995 £'000	Year ended 30 June 1994 £'000
Profit for the year	**2,090**	1,702
Shares issued	**109**	135
Dividends	**(515)**	(404)
Net increase in equity shareholders' funds	**1,684**	1,433
Opening equity shareholders' funds	**11,880**	10,447
Closing equity shareholders' funds	**13,564**	11,880

Notice of Meeting

Notice is hereby given That the fifty-ninth annual general meeting of F W Thorpe PLC will be held at Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH on 8 November 1995 at 3.15 pm to transact the following business:

Ordinary business

1 To receive and adopt the directors' report and accounts for the year ended 30 June 1995.

2 To declare a dividend;

3 To re-elect Mr. M. D. Lippold as a director.

4 To re-appoint Coopers & Lybrand 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 5 as an ordinary resolution, and in the case of 6 as a special resolution.

5 That the authority to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) conferred on the directors by Article 15 of the Articles of Association of the company be and hereby is renewed for the period ending at the conclusion of the annual general meeting of the company to be held in 1996 and that for such period the Section 80 Amount (as defined in said Article 15) shall be £218,234.

6 That the power to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) conferred on the directors by Article 15 of the Articles of Association of the company be and hereby is renewed for the period ending at the earlier of the conclusion of the annual general meeting of the company to be held in 1996 and the expiry of the period of 15 months following the passing of this resolution and that for such period the Section 89 Amount (as defined in the said Article 15) shall be £64,088.

Notes

(a) A member entitled to attend and vote at the meeting may appoint one or more proxies, whether a member of the company or not, to attend and, on a poll, vote on the member's behalf. A form of proxy accompanies this notice.

(b) Copies of the directors' service contracts with the company will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the conclusion of the annual general meeting.

(c) The register of directors' share interests pursuant to Section 325 of the Companies Act 1985 will be available for inspection at the annual general meeting.

By order of the Board

P. D. Mason

Company Secretary

Merse Road
North Moons Moat
Redditch
Worcestershire B98 9HH

28 September 1995

Financial Calendar

1995	12 October	Posting of report and accounts
	8 November	Annual general meeting
	17 November	Payment of final dividend
1996	March	Announcement of half year results
	May	Payment of interim dividend
	September	Announcement of results for the year

Form of Proxy

(For shareholders use only)

I/We ....

(Block letters please)

of ....

being a member of the above named company, hereby appoint

....

or failing him the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held at the Registered Office of the company on Wednesday 8 November 1995 and at every adjournment thereof

Please indicate with a cross in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given your proxy will vote or abstain at his/her discretion

	Resolution	FOR	AGAINST
1	To adopt directors' report and accounts.		
2	To declare a final dividend.		
3	To re-elect as a director Mr. M. D. Lippold.		
4	To re-appoint the auditor and agree the auditor's remuneration.		
5	To give the directors authority to allot relevant securities (Section 80 C.A. 1985).		
6	To disapply Section 89 (1) C.A. 1985.		

Dated this..............................day of...1995 Signature..

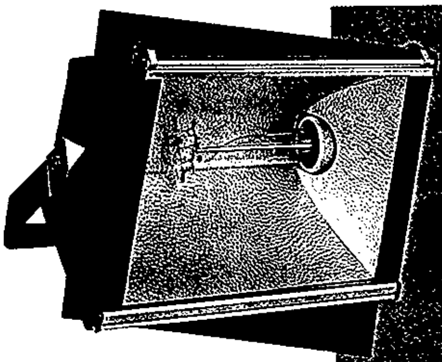
Notes: This proxy must reach the company's registered office not less than forty-eight hours before the time appointed for the meeting.
Any alteration made to this form of proxy should be initialled.
If you wish to appoint a proxy other than the Chairman of the meeting please insert the name and address of your proxy (who need not be a member of the company).
In the case of joint holders the signature of one holder will be accepted.
In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
In the case of a corporation this proxy should be under its common seal or under the hand of an officer or attorney or other person duly authorised.
Completion of the proxy form will not prevent a shareholder attending and voting in person.

THIRD FOLD AND TUCK IN

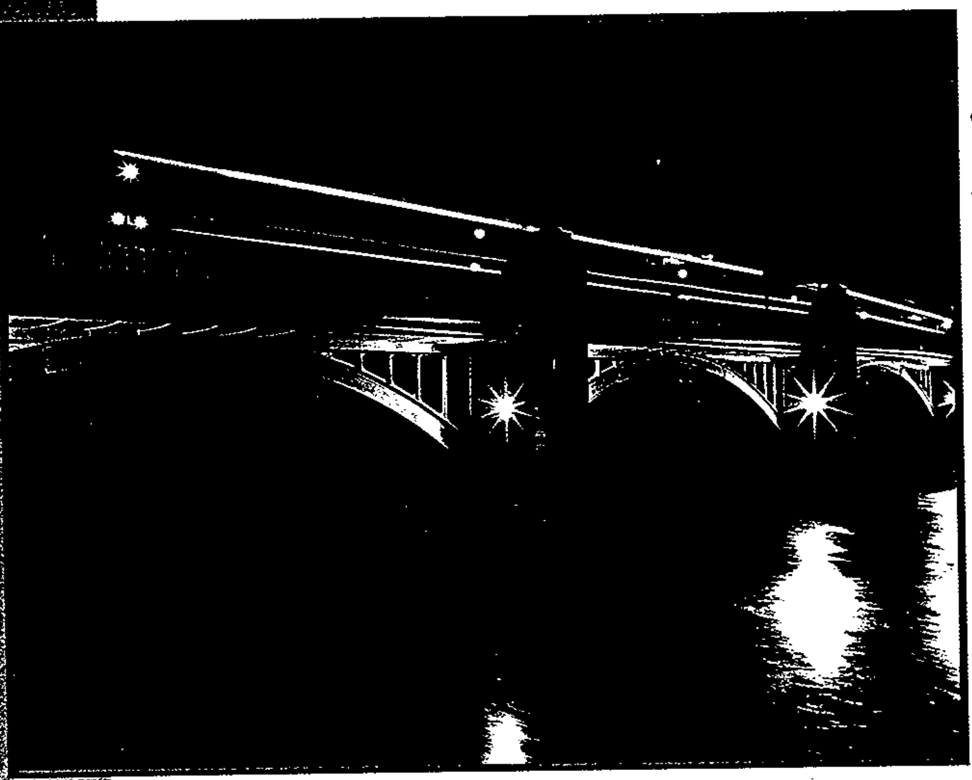
Lloyds Bank plc
Registrar's Department (Team 6)
The Causeway
Worthing
West Sussex
BN99 6DB

FIRST FOLD

SECOND FOLD



Linear Projector Floodlight



Town Bridge, Newport, Wales. Floodlit by Linear Projector Floodlights.

- THORLUX LIGHTING
- COMPACT LIGHTING
- AXIS LIGHTING
- MACKWELL ELECTRONICS