FW Thorpe PLC

Annual Report & Accounts 2001

Company No: 00317886

Contents

Year in Brief

"We have invested in new product development as well as manufacturing facilities and the group has strong financial resources."

Key Highlights

- Turnover up 22%
- Operating profit up 15%
- Earnings per share up 24%

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, Portsmouth, Crawley and Solihull and its products are sold throughout the world.

It is our objective to pursue profitable growth of all companies within the group, and by providing the necessary training we will develop the skills of our staff to enable us to continue to offer both quality products and a high standard of service to our customers.

Chairman's Statement

"We continue to sell the advantages of our high specification products."

The group achieved a new record turnover of £33.1m in the year under review as compared to £27.2m last year which was an increase of 21.7%. The operating profit was £3.1m and showed a 15% increase over last year's figure of £2.7m. In a market, which is intensely competitive resulting in tight margins, I feel we have done well. The investment income was £153k and the total profit before tax was £3.2m compared to last year's figure of £3.0m.

The Board is recommending a final dividend of 4.2p per share which, when included with the paid interim dividend, makes a total for the year of 6p.

Little has changed in the market place since my last annual report. Competition for orders remains very high with the inevitable result that to win an order, price is the over-riding factor. The continuing high value of the pound is affecting our export performance.

However, we continue to sell the advantages of our high specification products and resist the market pressures to sell on price alone.

Review of Divisions

Thorlux Lighting

The company has enjoyed a steady input of orders throughout the year which included two large export contracts which were won at very competitive margins. Our technical products led these sales emphasising the importance of our development programme in bringing on stream new products on a regular basis.

Further investment in the factory is in hand and this is important to ensure that the lighting products we sell continue to be made in the most cost effective manner.

Despite the difficulty of obtaining export orders, because of the high sterling exchange rate and the global economic situation, our Export Director and his team continue to visit our distributors around the world on a regular basis to promote the company's name and its products.

Mackwell Electronics

It has been another successful year for Mackwell increasing its turnover and profit. I referred in last year's report to the impending purchase of an adjoining factory to provide more production space. This was completed in the autumn and following an internal reorganisation of production facilities the factory was well able to deal with the increased order input it received.

The company has built up a very creditable export market, not only in Europe but also in the Middle East and Far East as well.

Chairman's Statement

Compact Lighting

Compact Lighting has had a successful year with an improved performance despite the inevitable disruption and costs of moving the whole business into new premises.

The market for lighting products in the retail sector is somewhat volatile but Compact has built up an effective team of people now and I am confident that it will develop the business over the coming years.

Philip Payne

Again, the results show a healthy improvement over last year. It has strengthened its position in the market and I expect this progress to continue in the current year.

The move into larger premises did not take place in the year under review but it will happen over the next few months with possibly some minor disruption and moving costs.

Sugg Lighting

Sugg Lighting's performance only showed a slight improvement over the previous year but despite this, the signs are that business will enjoy a better order input over the remainder of the current year.

A lot of work has taken place in improving the production facilities at Crawley as well as strengthening the sales and marketing position. The costs associated with this have had the inevitable effect on the results this year. I am confident that we can build on that investment.

People

Undoubtably the people who work for us are our greatest asset.

I would like to thank them all on behalf of the Board for all their efforts over the year; they have continued to adapt to the ongoing changes in ways of working that are a way of life today.

The Future

We find ourselves at the moment in what is defined as a recession, certainly in the manufacturing sector. I do not expect the business to be unaffected by this situation but nevertheless we have proved in the past that we can ride out such situations reasonably well. We have invested in new product development as well as manufacturing facilities and the group has strong financial resources.

Colin Brangwin
Chairman

20 September 2001

Directors and Advisers

Directors	C M Brangwin (aged 63) BSc CEng MIEE	*Non-executive Chairman* *On 1 July 2000 C M Brangwin became non-executive Chairman. After joining the company in 1963, he was appointed a director in 1969, later as joint Managing Director, and in 1995 was appointed Chairman.*
	A B Thorpe	*Managing Director and Joint Chief Executive*
	P D Mason BSc Eng FCA	*Financial Director and Joint Chief Executive*
	M Allcock	*Technical Director*
	D A Dimeloe BSc. Ph.D	*Managing Director of Mackwell Electronics*
	D M Lippold BSc. (Hons) ACA	*Managing Director of Compact Lighting*
	M D Lippold OBE (age 71)	*Non-executive Director* *Appointed a Non-Executive Director in July 1995 having retired after 9 years as Chairman of the Group. He took up the position of Sales Director of FW Thorpe Plc in 1972 and in 1986 was appointed Chairman and Joint Managing Director.*
	I A Thorpe (age 55)	*Non-executive Director* *Manufacturing Director of Thorlux Lighting from 1978 until 1993 when he became Personnel Director. He became a Non-Executive Director on 1 October 1997.*
Secretary	P D Mason BSc Eng FCA	
Auditors	PricewaterhouseCoopers, Temple Court 35 Bull Street, Birmingham B4 6JT	
Bankers	Lloyds TSB, Church Green East Redditch, Worcestershire B98 8BZ	
Solicitors	Martineau Johnson, St Philips House St Philips Place, Birmingham B3 2PP	
Registrars	Lloyds TSB Registrars, The Causeway, Goring-By-Sea Worthing, West Sussex BN99 6DA	
Registered Office	Merse Road, North Moons Moat Redditch, Worcestershire B98 9HH	
Web Sites	www.thorlux.com www.mackwell.co.uk www.compact-lighting.co.uk www.p-payne.co.uk www.sugglighting.co.uk	

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 2001.

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 2.

Results and dividends

The results for the year are set out in detail on page 13.

On 15 May 2001 the company paid an interim dividend of 1.8p per share *(2000: 1.5p)*. The directors recommend the payment of a final dividend of 4.2p per share *(2000: 4.2p)*.

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 2001 and 30 June 2000 were as follows:

	Ordinary shares of 10p	
	Beneficial	
	2001	2000
C M Brangwin	**773,155**	863,155
A B Thorpe	**2,776,669**	2,766,409
P D Mason	**149,837**	149,837
M Allcock	**7,900**	7,900
D A Dimeloe	**7,189**	7,189
D M Lippold	**400**	400
M D Lippold	**90,937**	113,937
I A Thorpe	**2,504,712**	2,504,712

At 30 June 2001, C M Brangwin had a joint non-beneficial interest in 332,348 shares (2000: 242,348 shares).

The market price of the company's shares at the beginning and end of the financial year was 122.5p and 120.5p respectively and the range of market prices during the year was from 109.5p to 128p.

Details of the share options at 30 June 2001 are as follows:

	At 1 July 2000 and 30 June 2001	
	SAYE (Note 1)	Other (Note 2)
P D Mason	8,497	30,000
A B Thorpe	-	30,000
D A Dimeloe	8,497	30,000
D M Lippold	8,497	30,000
M Allcock	6,764	20,000

(1) SAYE options were granted on 13 May 1997, have an exercise price 107p and are exercisable between 1 July 2002 and 31 December 2002.

(2) Other share options, which remain at the year end, some of which are provided as part of an Inland Revenue approved share option scheme, were granted on 6 May 1999, have an exercisable price of 117p and are exercisable between 7 May 2002 and 6 May 2009.

Report of the Directors

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.

The directors retiring by rotation are A B Thorpe, C M Brangwin and M D Lippold who, being eligible, offer themselves for re-election.

There have been no other changes in the interests of the directors in the share capital of any company in the group during the period 1 July 2001 to 20 September 2001.

Substantial interests

At 20 September 2001 the company had received notification of the following interests in 3 per cent or more of the issued share capital, excluding holdings of directors:

Rights and Issues Trust Plc	500,000 shares	(4.2 per cent)
Discretionary Unit Fund	350,000 shares	(3.0 per cent)
E.G. Thorpe	669,870 shares	(5.7 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

The directors are of the opinion that the market value of the freehold land and buildings is in excess of their net book value.

Charitable gifts

During the year the group gave £1,871 *(2000: £4,006)* for charitable purposes.

Creditor payment policy

The group's policy concerning the payment of its trade creditors is to accept and follow the normal terms of payment amongst suppliers to the lighting industry. Payments are made when they fall due - usually at the end of the calendar month following the month in which delivery of goods or services is made. Where reasonable settlement discount terms are offered for early payment, these terms are usually taken up. The number of days represented by the company's and the group's year end trade creditors is 49 *(2000: 51)*.

European Monetary Union

The Board has made an initial assessment of the effect of European Monetary Union ("EMU") on the group's businesses and is of the view that in the short term no special action is required to address any matters either commercial, financial or systems related arising from EMU.

Report of the Directors

Employee policies

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

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

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

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

The group is committed to developing a safe and healthy working environment for all employees consistent with the requirements of the Health and Safety at Work Act. Within the constraints of health and safety, disabled people are given full and fair consideration for 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 PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

Directors' remuneration

Directors' remuneration is outlined in detail in note 5 on page 18.

Directors' authority to issue shares

The London Stock Exchange no longer requires the consent of shareholders to each issue by the company of equity share 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 6 and special resolution number 7 would give the directors the authority to allot ordinary shares up to an aggregate nominal amount of £333,819, and would further empower them to allot ordinary shares for cash up to a maximum of £58,309 (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

Purchase of Own Shares

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

The proposed authority will be limited by the terms of the special resolution to the purchase of 1,166,181 ordinary shares representing 10% of the company's issued ordinary share capital and a nominal value of £116,618 at 20 September 2001. The minimum price per ordinary share payable by the company (exclusive of expenses) will be 10p. The maximum to be paid will be an amount not more than 5% above the average of the middle market quotations for ordinary shares of the company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of each purchase. Any shares purchased by the company will be cancelled and the number of shares in issue will be reduced accordingly. The maximum number of shares and the permitted price range are stated in order to comply with statutory and Stock Exchange requirements and should not be taken as representative of the number of shares (if any) which may be purchased, or the terms of such a purchase. The authority will lapse on the date of the Annual General Meeting of the company in 2002. However, in order to maintain the Board's flexibility of action it is envisaged that it will be renewed at future Annual General Meetings.

Financial instruments

The group has a policy of maintaining cash resources arising from its operations by balancing the day to day cash requirements with those resources and by not undertaking any long term borrowings. This policy enables the group to fund its future operations. To assist with this the group has a system of overall group treasury management, coupled with individual banking arrangements held by each of the group's subsidiaries. The group also has a small overdraft facility on its current account to ensure that cash is available in the current account in the event that an unforeseen requirement arises. The group has a policy not to trade derivatives, and this has been observed throughout the period.

The group's financial instruments comprise cash and liquid resources, small amounts of listed investments, and various other items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to manage the cash available for the group's operations. The group also has a small amount of forward foreign exchange contracts and swaps that are used to hedge currency movements when customers pay in, or suppliers require, foreign currency.

The group treasury function, on a daily basis, reviews the cash holding of the group as a whole and considers the future cash requirements in both £ sterling and foreign currency. Based on this assessment, cash will be placed on short-term deposit or kept available to meet day to day requirements throughout the group.

The policies for managing foreign currency risk are highlighted above. At 30 June 2001, after taking account of the effects of foreign exchange contracts in place, the group had no significant currency exposures.

Corporate governance

The Listing Rules of the London Stock Exchange require listed companies to discuss how they comply with a code of practice known as the Combined Code. This statement explains how the company has applied the principles set out in Section 1 of the Combined Code.

Report of the Directors

The directors have 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 of the Code and except for those matters listed below, the directors consider the company to be compliant with best practice.

Board committees

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

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

C M Brangwin

M D Lippold

I A Thorpe

Terms and conditions for the operation of this committee are in place and it meets as and when required.

The Committee recognises the importance of seeking independent advice on certain issues and does from time to time obtain independent advice to assist with the review of directors' remuneration.

The auditors have direct access to all members of the Board and attend and present their reports at appropriate Board meetings.

Nomination committees are formed when it is felt to be appropriate for senior personnel and subsidiary Board appointments. Any appointment to group Board position would involve all Board Members in the selection process.

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

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, Mr C M Brangwin and Mr I A Thorpe were previously executive directors but the Board considers their advice and wisdom to be independent of the executive directors.

The policy in respect of directors' service contracts is that for new appointments arising since the code became effective should be terminable on a maximum of one year's notice. Service contracts in existence prior to that date are not expected to be altered in the future, in view of the limited time these contracts would continue to be effective.

P D Mason and A B Thorpe have service contracts renewed annually in March which are terminable on three years notice immediately after renewal and two years notice one year later when the contracts are reconsidered for renewal. These contracts do not comply with the code because they are in excess of 1 year. D A Dimeloe and D M Lippold have service contracts which are terminable on one year's notice. These contracts are considered appropriate in the context of the overall remuneration policy. C M Brangwin, M Allcock, M D Lippold and I A Thorpe do not have service contracts with the company.

Details of directors remuneration are produced in note 5 to the accounts.

Internal control

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

Report of the Directors

Internal financial control
The directors have responsibility for maintaining a system of internal control which provides reasonable assurance of the effective and efficient operations, internal financial control and compliance with laws and regulations.
During the year a member of the group finance department has visited all operating sites to assess their compliance with a selection of key control procedures and non-compliance has been reported to the Group Board. Significant areas of non-compliance noted as part of this process have been addressed.

In addition the executive directors regularly visit all operating sites and review with local management financial and commercial issues affecting the group's operations. Regular financial reporting includes budgets, rolling forecasts and monthly financial reports comparing performance against plan. These reports are reviewed locally with a group representative and monitored by the Group Board.

Other areas of control
The Combined Code includes a requirement that directors review the effectiveness of the group's systems of internal controls. This requirement extends the directors' review to cover all controls, including operational, compliance and risk management as well as financial.

During the year and continuing after the year end the Board has operated a formal risk identification and evaluation programme as part of a continuous review of the group's internal controls. This programme considers financial, operational and compliance risks and includes participation from senior executives from all operating subsidiaries. The results of this process have been regularly utilised by the Board to focus the ongoing process for identifying, evaluating and managing the group's significant risks in accordance with the code. The programme is utilised to monitor the potential impact of the risks identified and where appropriate actions are taken to ensure they are effectively controlled.

During the current financial year this process was extended to include a detailed review of risk as assessed by local senior executives and procedures have been established to ensure that the group Board is made aware of any additional significant risks identified and to consider appropriate action. This process culminated in the provision of a certificate by senior executives at the operating sites, confirming that they have identified and addressed the risks arising in their business and reported them to the group Board accordingly.

Going concern

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future, and for this reason, they continue to adopt the going concern basis in preparing the accounts.

By order of the Board

P D Mason
Company Secretary
20 September 2001

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

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

P D Mason
Company Secretary
20 September 2001

Report of the Auditors

to the members of F W Thorpe PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes, including the additional information specified for our review by the Financial Services Authority relating to Directors' share options and contracts set out on pages 5 and 6, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the chairman's statement and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

Basis of audit 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 at 30 June 2001 and the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
20 September 2001

Consolidated Profit and Loss Account

for the year ended 30 June 2001

Statement of Total Recognised Gains and Losses

for the year ended 30 June 2001

Consolidated Profit and Loss Account

	Notes	2001 £'000	2000 £'000
Turnover	2	33,054	27,173
Cost of sales		21,771	16,932
Gross profit		11,283	10,241
Net operating expenses	3	8,206	7,539
Operating profit		3,077	2,702
Interest receivable and similar income	7	153	315
Profit on ordinary activities before taxation	4	3,230	3,017
Taxation on profit on ordinary activities	8	899	1,004
Profit for the year	9	2,331	2,013
Dividends	9	700	682
Retained profit for the year	21	1,631	1,331
Earnings per ordinary share			
– ordinary	10	19.8p	16.0p
– diluted	10	19.7p	16.0p

All operations in the year were continuing operations.

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

Statement of Total Recognised Gains and Losses

	Notes	Group 2001 £'000	Group 2000 £'000
Profit for the year ended 30 June		1,631	1,331
Premium on purchase of own shares	21	–	(1,104)
		1,631	227

The notes on pages 16 to 31 form part of these accounts.

The report of the auditors is on page 12.

Consolidated and Company Balance Sheets

as at 30 June 2001

		Group		Company	
	Notes	2001	2000	2001	2000
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	**533**	563	**–**	–
Tangible assets	12	**9,347**	7,749	**7,915**	6,730
Investments	13	**244**	244	**1,533**	1,731
		10,124	8,556	**9,448**	8,461
Current assets					
Stocks	14	**5,452**	5,476	**3,301**	3,580
Debtors	15	**7,830**	6,644	**7,042**	5,764
Investments	16	**70**	2,866	**70**	2,866
Cash at bank and in hand		**2,334**	1,058	**2,536**	974
		15,686	16,044	**12,949**	13,184
Creditors: amounts falling due within one year	17	**5,447**	5,534	**3,484**	3,786
Net current assets		**10,239**	10,510	**9,465**	9,398
Total assets less current liabilities		**20,363**	19,066	**18,913**	17,859
Creditors: amounts falling due after one year	18	**38**	18	**–**	–
Provisions for liabilities and charges					
Deferred taxation	19	**449**	436	**449**	436
Net assets		**19,876**	18,612	**18,464**	17,423
Capital and reserves					
Called up share capital	20	**1,166**	1,198	**1,166**	1,198
Capital Redemption Reserve	21	**135**	104	**135**	104
Share premium account	21	**360**	360	**360**	360
Profit and loss account	21	**18,215**	16,950	**16,803**	15,761
Equity shareholders' funds	27	**19,876**	18,612	**18,464**	17,423

These accounts were approved by the board on 20 September 2001.

C M Brangwin } Directors
P D Mason

The notes on pages 16 to 31 form part of these accounts.

The report of the auditors is on page 12.

Consolidated Cash Flow Statement

for the year ended 30 June 2001

	Notes	2001 £'000	2000 £'000
Net cash inflow from operating activities	22	3,124	2,431
Returns on investments and servicing of finance			
Interest and dividends received		153	315
Taxation			
UK corporation tax paid		(974)	(1,170)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,842)	(1,367)
Sale of tangible fixed assets		73	87
Sale of fixed asset investments		-	25
Net cash outflow for capital expenditure and financial investments		(2,769)	(1,255)
Equity dividends paid		(713)	(668)
Cash outflow before use of liquid resources and financing		(1,179)	(347)
Management of liquid resources			
Cash returned on short term deposits		2,796	1,226
Net cash inflow from management of liquid resources		2,796	1,226
Financing			
Purchase of own shares		(366)	(1,208)
New hire purchase contracts		51	-
Repayment of hire purchase and finance leases		(26)	(24)
Cash outflow from financing		(341)	(1,232)
Increase/(decrease) in cash in the period	22	1,276	(353)

The notes on pages 16 to 31 form part of these accounts.

The report of the auditors is on page 12.

Notes to the Accounts

for the year ended 30 June 2001

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. In accordance with Financial Reporting Standard 10 ("FRS10"), goodwill arising from acquisitions after 1 July 1998 is amortised over its useful economic life. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date of acquisition.

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

The following rates of depreciation are applied to write off the original cost of assets over their estimated useful lives:

Freehold buildings 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 and no depreciation is charged as annual valuations by the directors consider whether any impairment has occurred and provision is made for this accordingly.

Fixed asset investments

Shares in subsidiary undertakings and listed investments are stated at cost less any provision necessary for any permanent 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. Net realisable value represents the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

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.

1 Accounting policies *(continued)*

Operating leases
Costs in respect of operating leases are charged on a straight line basis over the lease term.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year-end. Exchange differences are taken to the profit and loss account.

Financial instruments
Foreign currency assets and liabilities that are hedged using currency swaps are translated initially at swap rate.

Finance leases
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant rate of charge on the net obligation outstanding in each period.

Cashflow statement
In the cashflow statement, liquid resources represent short term deposits and other cash holdings.

2 Analysis of turnover

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

	2001 £'000	2000 £'000
United Kingdom	27,282	23,589
Other European Countries	2,908	1,533
Africa	9	66
North and South America	342	128
Middle East	494	560
India, Australia and Far East	2,019	1,297
	33,054	27,173

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

3 Net operating expenses

	2001 £'000	2000 £'000
Distribution costs	2,178	1,986
Administrative expenses	6,028	5,553
	8,206	7,539

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2001 £'000	2000 £'000
Depreciation of tangible assets – owned assets	1,165	1,052
– finance leased assets	20	17
Auditors' remuneration for audit: (company £23,000, 2000: £21,000)	44	43
For non audit services	15	14
Amortisation of goodwill	30	30
Hire of plant and machinery	42	32
Lease of land and buildings	186	218
Research and development	512	542
(Profit) on sale of fixed asset investments	–	(21)
(Profit) on sale of fixed assets	(13)	(27)

5 Directors' emoluments

	2001 salary/ fees £'000	2001 bonus (note a) £'000	2001 benefits (note b) £'000	2001 Total £'000	2000 Total £'000
Executive directors					
P D Mason	91	24	11	126	110
A B Thorpe	100	24	11	135	119
M Allcock	55	14	8	77	
D A Dimeloe	79	17	9	105	95
D M Lippold	65	13	8	86	76
Non-executive directors					
C M Brangwin	32	–	18	50	74
M D Lippold	16	–	9	25	30
I A Thorpe	26	–	9	35	37
Total	464	92	83	639	541

M Allcock was appointed on 1 July 2000.

(a) In line with other employees of FW Thorpe PLC, executive directors are allocated a profit share based on a percentage of their salary.

(b) Benefits for directors relate mainly to the provision of cars and fuel.

(c) Pensions paid by the company to a former director and to the dependent of a former director were £64,000 *(2000: £62,000).*

(d) I A Thorpe, P D Mason, A B Thorpe and M Allcock participate in the defined benefit category of the company's pension scheme. The scheme is contributory and enables members to achieve a maximum of two thirds of their pensionable pay at normal retirement age. Pensionable salary for P D Mason, AB Thorpe and M Allcock includes an average of the previous three years profit bonus as this is considered part of their regular earnings. It also includes an average of the previous three years benefits for P D Mason and AB Thorpe. IA Thorpe is a deferred member.

Notes to the Accounts

for the year ended 30 June 2001

5 Directors' emoluments *(continued)*

	Age at year end	Normal pension age	Value of accrued pension at 30 June 2001 £pa	Value of accrued pension at 30 June 2000 £pa	Additional pension earned in excess of inflation over the year ended 30 June 2001	Transfer value of additional pension less director's contributions
P D Mason	52	60	38,738	33,132	4,513	53,335
A B Thorpe	51	60	53,874	48,442	3,834	43,038
I A Thorpe	55	60	36,933	36,933	–	–
M Allcock	33	65	8,228	6,430	1,586	2,230

Notes

(i) The transfer value has been calculated in accordance with Actuarial Guidance Note GN11.

(e) D A Dimeloe and D M Lippold participate in the defined contribution category of the company's pension scheme. The amount of contributions paid in the year were £9,100 *(2000: £8,550)* in respect of D A Dimeloe and £4,800 *(2000: £4,111)* in respect of D M Lippold.

(f) The highest paid director's total emoluments were £135,000 *(2000: £119,000)* and the accrued pension benefit was £53,874 *(2000: £48,442)*.

(g) The directors' remuneration was determined by the remuneration committee seeking advice from independent sources and aims to retain and motivate the directors and to be fair and reasonable in relation to their responsibilities within the group. The committee has given full consideration to section B of the best practice provisions annexed to the Listing Rules when setting directors' remuneration.

(h) Details of the directors' share options are set out on page 5.

Notes to the Accounts
for the year ended 30 June 2001

6 Employee information

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

	2001 Number	2000 Number
Production	286	247
Selling and distribution	82	89
Administration	114	108
	482	444

Employment costs of all employees (including executive directors):

	2001 £'000	2000 £'000
Aggregate gross wages and salaries	8,302	7,037
Employers' national insurance contributions	774	680
Employers' pension and related charges	512	500
Total direct costs of employment	9,588	8,217

7 Interest receivable and similar income

	2001 £'000	2000 £'000
Interest from current asset investments	159	323
Net income from fixed asset investments	(6)	(8)
	153	315

Net income from investments included £4,000 *(2000: £4,000)* from listed fixed asset investments.

8 Taxation on profit on ordinary activities

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30% *(2000: 30%)*		
Current	959	994
Deferred	24	15
(Over)/under provision in respect of prior years		
Current	(73)	(16)
Deferred	(11)	11
	899	1,004

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 £2.3 million *(2000: £2.0 million)* includes a profit of £2.1 million *(2000: £1.9 million)* in respect of the holding company.

	2001 £'000	2000 £'000
Dividends		
Interim paid of 1.8p per share *(2000: 1.50p per share)*	210	180
Final proposed of 4.2p per share *(2000: 4.2p per share)*	490	502
	700	682

10 Earnings per share

Earnings per share is calculated on profit on ordinary activities after taxation of £2.3million *(2000: £2.0 million)* on 11,797,520 *(2000: 12,592,221)* shares, being the weighted average shares in issue during the year. The diluted number of shares on a weighted average basis is 11,835,400 *(2000: 12,592,514)*.

11 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 July 2000 and 30 June 2001	600
Aggregate amortisation	
At 1 July 2000	37
Charge for the year	30
At 30 June 2001	67
Net book value	
30 June 2001	533
30 June 2000	563

The goodwill arising on the acquisition of Sugg Lighting Limited is being amortised on a straight-line basis over 20 years. This is the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Goodwill arising on the acquisition of subsidiaries before 1 July 1999, of £577,000 has been written off to reserves in prior years.

Notes to the Accounts

for the year ended 30 June 2001

12 Tangible fixed assets

	Group			*Company*		
	Freehold land and buildings £'000	*Plant and equipment* £'000	*Total* £'000	*Freehold land and buildings* £'000	*Plant and equipment* £'000	*Total* £'000
Cost						
At 1 July 2000	4,923	8,561	13,484	4,869	6,355	11,224
Additions	1,610	1,232	2,842	1,575	417	1,992
Disposals	–	(457)	(457)	–	(264)	(264)
At 30 June 2001	**6,533**	**9,336**	**15,869**	**6,444**	**6,508**	**12,952**
Accumulated depreciation						
At 1 July 2000	665	5,070	5,735	633	3,861	4,494
Charge for the year	90	1,095	1,185	87	695	782
Disposals	–	(398)	(398)	–	(239)	(239)
At 30 June 2001	**755**	**5,767**	**6,522**	**720**	**4,317**	**5,037**
Net book value						
At 30 June 2001	**5,778**	**3,569**	**9,347**	**5,724**	**2,191**	**7,915**
At 30 June 2000	4,258	3,491	7,749	4,236	2,494	6,730

Depreciation has not been charged on freehold land that is stated at its cost of £1,304,000 *(2000: £1,218,000).*

Assets held under finance leases, capitalised and included in plant and equipment:

	Group		*Company*	
	2001 £'000	2000 £000	**2001 £'000**	2000 £'000
Cost	**130**	89	**–**	–
Accumulated depreciation	**(41)**	(31)	**–**	–
Net book value	**89**	58	**–**	–

Notes to the Accounts

for the year ended 30 June 2001

13 Fixed asset investments

	Group			Company			
	Investment property £'000	*Listed on the Stock Exchange* £'000	*Total* £'000	*Investment property* £'000	*Listed on the Stock Exchange* £'000	*Investments in subsidiaries* £'000	*Total* £'000
Cost or valuation							
At 1 July 2000 and 30 June 2001	**219**	**25**	**244**	**219**	**25**	**2,173**	**2,417**
Provisions for diminution in value							
At 1 July 2000	–	–	–	–	–	686	686
Increase in provision						198	198
At 30 June 2001	–	–	–	–	–	**884**	**884**
Net book value							
At 30 June 2001	**219**	**25**	**244**	**219**	**25**	**1,288**	**1,533**
At 30 June 2000	219	25	244	219	25	1,487	1,731

The aggregate market value of the investments listed on the London Stock Exchange as at 30 June 2001 was £96,000 *(2000: £88,000)*.

The investment property has been valued by the directors at 30 June 2001 on the basis of open market value and shows no change since 30 June 2000.

Details of the investments in subsidiaries are in note 27.

14 Stocks

	Group		Company	
	2001 £'000	2000 £000	**2001 £'000**	2000 £'000
Raw materials, components and consumables	**2,461**	2,798	**1,072**	1,398
Work in progress	**1,221**	1,061	**731**	716
Finished goods	**1,770**	1,617	**1,498**	1,466
	5,452	5,476	**3,301**	3,580

Notes to the Accounts
for the year ended 30 June 2001

15 Debtors

	Group		Company	
	2001	2000	2001	2000
Amounts falling due within one year:	£'000	£000	£'000	£'000
Trade debtors	7,554	5,930	4,777	4,278
Amounts owed by subsidiary undertakings	–	–	2,090	889
Other debtors	117	511	115	509
Prepayments and accrued income	159	203	60	88
	7,830	6,644	7,042	5,764

16 Current asset investments

	Group and Company	
	2001	2000
	Cost	Cost
	£'000	£'000
Short term bank deposits (up to 3 months)	–	2,796
Other – aggregate market value £293,000 *(2000: £279,000)*	70	70
	70	2,866

17 Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
Amounts falling due within one year:	£'000	£000	£'000	£'000
Trade creditors	2,744	3,149	1,483	2,031
Corporation tax	654	742	494	526
Other taxation and social security	713	397	443	208
Other creditors	416	306	367	289
Accruals	404	420	207	230
Dividends payable	490	502	490	502
Obligation under finance leases and hire purchase contracts	26	18	–	–
	5,447	5,534	3,484	3,786

18 Creditors: amounts falling due after more than one year

	2001	2000
	£'000	£'000
Obligation under finance leases and hire purchase contracts	38	18

18 Creditors: amounts falling due after more than one year *(continued)*

Future minimum payments under finance leases and hire purchase contracts are as follows:

	2001 £'000	2000 £'000
Within one year	**29**	21
One to five years	**44**	22
After five years	**–**	–
Total gross payments	**73**	43
Less finance charges included above	**(9)**	(7)
	64	36

19 Deferred taxation

Deferred taxation provided in the financial statements is as follows:

	Group and Company Amount provided 2001 £'000	2000 £'000
Tax effect of timing differences		
Capital allowances	**461**	460
Other	**(12)**	(24)
	449	436

There is no unprovided *(2000: nil)* deferred taxation.

	Group and Company 2001 £'000
Movement in the provision	
At 1 July 2000	436
Increase in provision	13
At 30 June 2001	**449**

20 Share capital

	Group and Company 2001 £'000	2000 £'000
Ordinary shares of 10p per share		
Authorised (15,000,000 shares)	**1,500**	1,500
Allotted and fully paid		
At 1 July 2000 11,975,313 *(1999: 13,015,813 shares)*	**1,198**	1,302
Shares purchased and subsequently cancelled	**(32)**	(104)
At 30 June 2001 11,661,813 shares *(2000: 11,975,313 shares)*	**1,166**	1,198

During the year the Company repurchased and subsequently cancelled 313,500 ordinary shares representing 2.6% of the ordinary shares in issue at 30 June 2000. The total cost of the repurchase (including expenses and stamp duty) of £366,000 has been charged to the profit and loss reserve.

Options that have been granted for 10p ordinary shares remaining outstanding at 30 June 2001 are as follows:

Number of shares	*Subscription price per share*	*Period of option*
190,177	107.3p	1 July 2002 to 31 December 2002
230,000	117p	7 May 2002 to 6 May 2009

Details of the directors' share options are given in the directors' report.

21 Reserves

	Group Share premium account £'000	Group Capital redemption reserve £'000	Group Profit and loss £'000	Company Share premium account £'000	Company Capital redemption reserve £'000	Company Profit and loss £'000
At 1 July 2000	360	104	16,950	360	104	15,761
Repurchase of shares	–	31	(366)	–	31	(366)
Profit for the year	–	–	1,631	–	–	1,408
At 30 June 2001	**360**	**135**	**18,215**	**360**	**135**	**16,803**

22 Notes to the cashflow statement

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

	2001 £'000	2000 £'000
Operating profit	3,077	2,702
Depreciation	1,185	1,069
Amortisation of goodwill	30	30
Profit on sale of fixed assets	(13)	(27)
Profit on sale of fixed asset investments	-	(21)
(Increase)/decrease in stocks	24	(814)
(Increase)/decrease in debtors	(1,186)	(1,668)
Increase/(decrease) in creditors	7	1,160
Net cash inflow from operating activities	3,124	2,431

(b) Reconciliation of movement in net funds

	1 July 2000 £'000	Cashflow £'000	30 June 2001 £'000
Cash at bank and in hand	1,058	1,276	2,334
Finance leases and purchase contracts:			
Due after 1 year	(18)	(20)	(38)
Due within 1 year	(18)	(8)	(26)
Liquid resources	2,866	(2,796)	70
	3,888	(1,548)	2,340

(c) Reconciliation of net cashflow to movement in net funds

	2001 £'000	2000 £'000
(Decrease)/increase in net cash	1,276	(353)
Movement in deposits	(2,796)	(1,226)
Movement in borrowings	(28)	24
Net funds at 1 July 2000	3,888	5,443
Net funds at 30 June 2001	2,340	3,888

23 Capital commitments

Commitments for future capital expenditure at 30 June 2001 were as follows:

	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Authorised and contracted for	330	1,238	330	1,238

24 Operating leases

Annual commitments on operating leases, which all relate to land and buildings, expire:

	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Within one year	**19**	63	**–**	–
In one to two years	**–**	19	**–**	–
In two to five years	**–**	–	**–**	–
Over five years	**136**	136	**–**	–
	155	218	**–**	–

25 Pension scheme

SSAP 24 information

The group operates a funded occupational pension scheme split into two sections. The combined assets of the scheme are primarily invested in a Managed Fund, with the remaining assets invested in a Fixed Interest Fund and a small operating cash balance.

A defined benefit section is operated in respect of pension scheme members who joined prior to 30 September 1995. The actuarial valuation of the scheme is independently produced. The most recent actuarial valuation was dated 1 July 1999. The assumptions which have the most significant effect on the results of the valuation and update 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.

The valuation revealed that the assets at 1 July 1999 relating to the defined benefits section amounted to £3,225,000, the actuarial value of which represented 80% of the benefits accrued to members, after allowing for expected future increases in earnings. Action has been taken to increase the funding rate in line with the recommendations contained within the actuary's review to avoid the deficit of the fund falling below the minimum funding requirement. Employers contributions of £115,000 *(2000: 159,000)* were made during the year and charged in the profit and loss account. Contributions at the rate recommended by the actuary are to be made by the company in future years.

A defined contribution is paid for pension scheme members joining from 1 October 1995 onwards. Employer's contributions of £397,000 *(2000: £341,000)* were made during the year.

At 30 June 2001 the accounts included a pension scheme administration accrual of £8,000 *(2000: £Nil)*.

25 Pension scheme *(continued)*

FRS 17 information

The most recent actuarial valuation, as at 1 July 1999, has been updated to 30 June 2001 to provide the information required for FRS17. The major assumptions used by the qualified independent actuary in producing this estimate were:

Rate of increase of pensions in payment	4.28%
Limited price indexation increases	2.75%
Discount rate	6.25%
Inflation assumption	2.75%

The defined benefit section of the scheme invests in certain mixed pooled pension funds of Britannic Asset Management, specifically the With Profit Managed Fund ("WPMF") and UK Fixed Interest Fund ("UKFIF"). The long term expected rate of return of those funds is 8%.

The fund investment allocations are:	WPMF	UKFIF
	%	%
Equities	81.1	–
Bonds	12.7	34.3
Property	5.3	–
Gilts	–	66.2
Cash	0.9	(0.5)
	100	100

The following amounts relating to the defined benefit section of the scheme, as at 30 June 2001, were measured in accordance with the requirements of FRS17:

	£'000
Total market value of assets	3,319
Present value of scheme liabilities	(3,898)
Deficit in the scheme	(579)
Related deferred tax asset	173
Net pension liability	(406)

If the above amounts had been recognised in the financial statements the group's net asset and profit and loss reserve at 30 June 2001 would have been as follows:

	£'000
Net assets excluding pension deficit	19,876
Pension deficit	(406)
Net assets including pension deficit	19,470
Profit and loss account excluding pension deficit	18,215
Pension deficit	(406)
Profit and loss reserve	17,809

26 Interests in group undertakings

Name of undertaking	*Country of incorporation*	*Description of shares held*	*Proportion of nominal value of issued shares held by Group and Company*
Mackwell Electronics Limited	England	Ordinary £1 shares	100%
Compact Lighting Limited	England	Ordinary £1 shares	100%
Philip Payne Limited	England	Ordinary £1 shares	100%
Sugg Lighting Limited	England	Ordinary £1 shares	100%
Axis Lighting Limited	England	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 Limited	– design and manufacture of lighting components
Compact Lighting Limited	– design and manufacture of low energy lighting equipment
Philip Payne Limited	– design and manufacture of illuminated signs
Sugg Lighting Limited	– design and manufacture of traditional architectural lighting.
Axis Lighting Limited	– non trading

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

27 Reconciliation of movements in equity shareholders' funds

	Group		*Company*	
	Year ended 30 June 2001 £'000	Year ended 30 June 2000 £'000	**Year ended 30 June 2001 £'000**	Year ended 30 June 2000 £'000
Profit for the year	2,331	2,013	2,108	1,865
Dividends	(700)	(682)	(700)	(682)
Cost of shares purchased and subsequently cancelled	(367)	(1,208)	(367)	(1,208)
Net increase in equity shareholders' funds	1,264	123	1,041	(25)
Opening equity shareholders' funds	18,612	18,489	17,423	17,448
Closing equity shareholders' funds	19,876	18,612	18,464	17,423

28 Related party transactions and balances

The company has taken advantage of the exemption allowed by FRS8 not to disclose transactions and balances with related company undertakings, 90% or more of whose voting rights are controlled within the group.

29 Financial instruments

Narrative disclosures relating to financial instruments are included in the Directors' Report. In the financial instruments disclosures made in the accounts, the group has taken advantage of the exemption conferred by FRS 13 to exclude short term debtors and creditors.

Financial assets
The group has no financial assets, other than cash at bank and in hand and an immaterial amount of listed investments.

Financial liabilities
The group has finance leases, which constitute financial liabilities. The group does not use finance leases to manage risk and the majority of these have been acquired as part of business acquisitions. Given the level of the liability at the year end, the weighted average data required by FRS 13 does not warrant disclosure.

The group also had forward currency swap option arrangements at the year end totalling £814,000 *(2000: forward currency contracts £134,000)*, all of which will mature within the next 12 months. These are used to manage the potential risk from future payments to suppliers in currency other than £ sterling. Given the value of the contracts at the year end (which does not exceed the value of any contracts in place during the year) the weighted average data has not been produced.

There is no material difference between the book value and fair values of financial assets and financial liabilities.

Five Year Financial Record

	1997 £'000	1998 £'000	1999 £'000	2000 £'000	**2001 £'000**
Turnover	23,699	26,659	25,410	27,173	**33,054**
Operating profit	2,877	3,606	2,510	2,702	**3,077**
Profits on sale of fixed asset investments	–	–	397	–	**–**
Interest receivable and similar income	238	436	481	315	**153**
Profit before taxation	3,115	4,042	3,388	3,017	**3,230**
Taxation	1,010	1,240	1,036	1,004	**899**
Profit after taxation	2,105	2,802	2,352	2,013	**2,331**
Dividends	582	679	1,988	682	**700**
Net assets	15,912	18,035	18,489	18,612	**19,876**
Earnings per share	16.3p	21.7p	18.1p	16.0p	**19.8p**
Dividends per share	4.5p	5.25p	15.25	5.7p	**6.0p**
Net assets per share	123p	140p	142p	155p	**170p**

Notice of Meeting

Notice is hereby given that the sixty-fifth annual general meeting of F W Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH on 8 November 2001 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 2001;

2 To declare a dividend;

3 To re-elect Mr A B Thorpe as a director;

4 To re-elect Mr C M Brangwin as a director;

5 To re-elect Mr M D Lippold as a director;

6 To re-appoint PricewaterhouseCoopers 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 and 9 as special resolutions.

7 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 2002 and that for such period the Section 80 Amount (as defined in said Article 15) shall be £333,819.

8 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 2002 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 £58,309.

9 That the company be generally and conditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each of the company provided that:

a) The maximum number of ordinary shares hereby authorised to be acquired is 1,166,181;

b) The minimum price which may be paid for any such share is 10p;

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 London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased;

Notice of Meeting

d) The authority hereby conferred shall expire on the date of the annual general meeting of the company in 2002; 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

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) The register of directors' share interests pursuant to Section 325 of the Companies Act 1985 and copies of the directors' service contracts 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

Date: 20 September 2001

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 8 November 2001 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.

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To adopt directors' report and accounts		
2	To declare a final dividend		
3	To re-elect Mr. A B Thorpe as a director.		
4	To re-elect Mr. C M Brangwin as a director		
5	To re-elect Mr. M D Lippold as a director		
6	To re-appoint PricewaterhouseCoopers as Auditors of the Company		
7	To give the directors authority to allot relevant securities (Section 80 C.A. 1985)		
SPECIAL RESOLUTIONS			
8	To disapply Section 89 (1) C.A. 1985		
9	To give the Company authority to make market purchases of its ordinary shares.		

Dated this............... day of.................................2001 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.

SECOND FOLD

Lloyds TSB Registrars
Team 6
The Causeway
Worthing
West Sussex
BN99 6DA

FIRST FOLD

THIRD FOLD (Tuck in)

Financial Calendar

2001	8 October 2001	Posting of report and accounts
	8 November 2001	Annual general meeting
	15 November 2001	Payment of final dividend
2002	March	Announcement of half year results
	May	Payment of interim dividend
	September	Announcement of results for the year

www.thorlux.com
www.mackwell.co.uk
www.compact-lighting.co.uk
www.p-payne.co.uk
www.sugglighting.co.uk

Printed by POLLUM Financial & Security Printers, Birmingham. Tel: 0121-236 6969

FW THORPE PLC

Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH

THORLUX LIGHTING ▪ COMPACT LIGHTING ▪ SUGG LIGHTING ▪ MACKWELL ELECTRONICS ▪ PHILIP PAYNE