

Directors' report.

The directors present their Directors' report with the audited consolidated financial statements of the Group and the Company for the financial year ended 30 June 2024.

Principal activity

The main activity of the Group continues to be the design, manufacture and supply of professional lighting equipment.

Each company within the Group operates in a different market of the lighting sector.

Business review

The trading results for the year are set out in the Consolidated Income Statement on page 110 and the Group's financial position at the end of the year is set out in the Consolidated and Company Statements of Financial Position on page 112. A review of the performance of the business during the financial year and expected future developments are contained in the Chairman's Statement, the Operational Performance section and the Financial Performance section which form part of the Strategic Report.

Key performance indicators

The directors consider the main financial key performance indicators (KPIs) to be those disclosed on page 37 (financial highlights). The two most important KPIs to the business are revenue and operating profit.

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

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

Principal risks and uncertainties

The table on pages 80 to 83 details what we consider to be the principal risks and uncertainties to the business, and how we seek to manage and mitigate these risks.

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

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

Internal control

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

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

Other areas of control

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

Proposed dividend

Details of the proposed dividend are disclosed in the Financial Performance section on pages 48 and 49.

Directors

The directors of the Company at the date of this report are set out on pages 86 and 87. The directors of the Company who served during the year are the directors set out on pages 86 and 87, and P D Mason, who resigned on the 18 January 2024. D Taylor and A M Cooper both resigned on 3 July 2023.

The directors retiring by rotation are I A Thorpe, A B Thorpe and J E Thorpe, who, being eligible, offer themselves for re-election. J E Thorpe has a service contract terminable on 12 months' notice.

Directors' share interests

The details of the directors' share interests are set out in the directors' remuneration report on page 100.

Directors' indemnities

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

Board constitution

The Company continues to be proprietorial in nature and the directors act as a unitary Board. During the year the Company has established an audit and risk committee. There is no nomination committee as matters that would normally be considered by a nomination committee are addressed by the full Board with the non-executive directors present.

The Company also has a remuneration committee, whose report is presented on pages 98 to 101.

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

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

Substantial shareholdings

At 3 October 2024, the Company had received notification of the following interests in 3% or more of the issued share capital, excluding holdings of directors:

Liontrust Investment Partners LLP

6,723,667 (5.7%)

Estate of C M Brangwin

7,271,550 (6.2%)

Directors substantial shareholdings are shown on page 100.

Relations with shareholders

Directors are kept informed of the views of shareholders by face-to-face contact at the Company's premises on the day of the Annual General Meeting where possible and, if appropriate, by meeting with major shareholders at other times during the year. See Notice of Meeting – AGM 2024.

Stakeholder Engagement

Please see pages 50 to 51 and 76 to 77 for details of the Company's engagement with its employees, customers and suppliers.

Directors' authority to issue shares

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

As the directors have no intention of exercising these authorities, there will be no resolution to grant these powers at the forthcoming Annual General Meeting.

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

Purchase of own shares

Resolution number 9 set out in the notice of the Annual General Meeting will, if it is approved, allow the Company to exercise the authority contained in the Articles of Association to purchase its own shares. The Board has no firm intention that the Company should make purchases of its own shares if the proposed authority becomes effective, but would like to be able to act quickly if circumstances arise in which such a purchase would be desirable.

Purchases will only be made on the Alternative Investment Market and only in circumstances where the directors believe that they are in the best interests of the shareholders generally. Furthermore, purchases will only be made if the directors believe that they would result in an increase in earnings per share.

The proposed authority will be limited by the terms of the special resolution to the purchase of 11,893,559 ordinary shares representing 10% of the Company's issued ordinary share capital at 3 October 2024 and a nominal value of £118,936.

Directors' report.

continued

The minimum price per ordinary share payable by the Company (exclusive of expenses) will be 1p. The maximum to be paid will be an amount not more than 5% above the average of the middle market quotations for ordinary shares of the Company as derived from the Alternative Investment Market on the five business days immediately preceding the date of each purchase. The Company may either cancel any shares which it purchases under this authority or transfer them into treasury, and subsequently sell or transfer them out of treasury or cancel them.

The maximum number of shares and the permitted price range are stated in order to comply with statutory and Stock Exchange requirements and should not be taken as representative of the number of shares (if any) which may be purchased, or the terms of such a purchase.

The authority will lapse on the date of the Annual General Meeting of the Company in 2025. However, in order to maintain the Board's flexibility of action it is envisaged that it will be renewed at future Annual General Meetings.

Statement on the provision of information to independent auditors

The auditors have direct access to all members of the audit and risk committee and attend and present their reports at appropriate Board meetings. The Board considers, at least annually, the relationships and fees in place with the auditors to confirm their independence is maintained.

Independent auditors

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

Going concern

The directors confirm they are satisfied that the Group and Company have adequate resources, with £33.9m cash to continue in business for the foreseeable future, including the effect of increased costs caused by the on-going conflict zones, where the Group has no sales, and other global events. They have also produced an analysis that demonstrates that the Group could cover its cash commitments even if there was a significant reduction in sales over the following year from approving these accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Approval of strategic and directors' reports

The directors confirm that the information contained within the Strategic Report on pages 16 to 83 and the Directors' Report on pages 94 to 96 is an accurate representation of the Group's strategy and performance.

By order of the Board



Craig Muncaster
Chief Executive,
Group Financial Director and
Company Secretary

3 October 2024

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

Company Registration Number: 317886

Statement of directors' responsibilities.

The directors are responsible for preparing the Annual report and accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

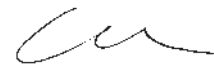
The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

By order of the Board



Craig Muncaster
Chief Executive, Group Financial
Director and Company Secretary

3 October 2024

Directors' remuneration report.

The Board has prepared this report to the shareholders, taking into account sections 420 to 422 of the Companies Act 2006.

The Board has delegated the responsibility for the executive directors' remuneration to the Remuneration Committee. The scope of their responsibilities includes the executive directors' service contracts, salaries and other benefits, which comprise their terms and conditions of employment.

Remuneration Committee

The current members of the Remuneration Committee are the non-executive directors M Allcock (Chairman of the Committee), I A Thorpe, A B Thorpe, and F Haafkens.

The Committee has met as and when required during the financial year. No member of the Committee has any personal financial interest in the matters to be decided other than as shareholders. There are no conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The Committee has access to market data when considering the remuneration of the executive directors.

Remuneration policy

Executive Directors

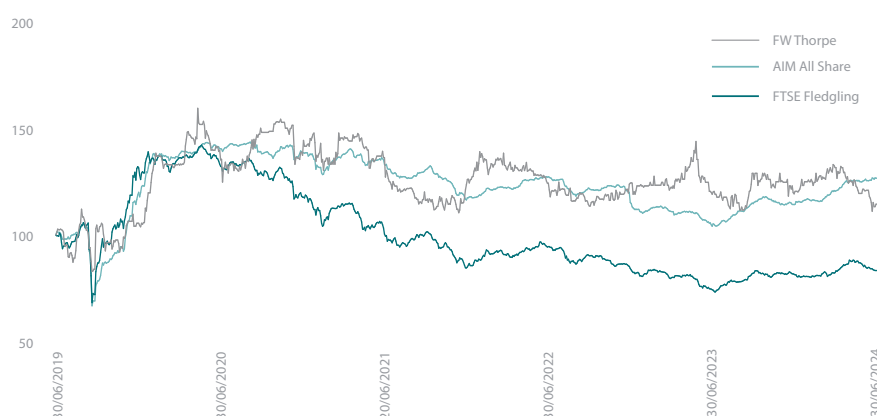
The aim of the Committee is to ensure that the executive directors are fairly rewarded for their responsibilities and contribution to the performance of the Group. The Committee seeks to achieve this with a combination of performance and non-performance related remuneration designed to attract, retain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

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

Performance graph

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

Total shareholder return



The remuneration package consists of the following elements:

1. Basic salary, benefits in kind and other benefits. The salary is determined in July each year, unless there has been a change in responsibilities, where an adjustment will be made at the same time. The benefits in kind mainly consist of the provision of a car and health insurance. A director may choose to take a cash allowance instead of a car. Other benefits consist of pension arrangements and life assurance.
2. Annual bonus. The bonus is derived from the operating profit of the Group and the specific responsibilities of the executive director. The bonuses are paid in September and relate to the period ending on 30 June in the same year.
3. Long term incentive scheme. This scheme consists of the "Executive Share Ownership Plan" (ESOP) details of which are shown on page 101.

Non-Executive Directors

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

Directors' service contracts

C Muncaster and J E Thorpe have service contracts terminable on one year's notice. A B Thorpe, I A Thorpe, F Haafkens and M Allcock do not have formal service contracts with the Company.

Directors' emoluments (audited)

Executive directors	2024	2024	2024	2024	2023	2024	2023	2024	2023
	Salary/fees £'000	Bonus £'000	Benefits £'000	Total £'000	Total £'000	Share options gains £'000	Share options gains £'000	Total £'000	Total £'000
M Allcock	288	384	3	675	599	40	45	715	644
C Muncaster	320	367	3	690	629	90	45	780	674
J E Thorpe	196	322	3	521	482	–	–	521	482
D Taylor	–	–	–	–	274	–	–	–	274
Non-executive directors									
A B Thorpe	38	–	15	53	51	–	205	53	256
I A Thorpe	38	–	15	53	51	–	–	53	51
P D Mason	29	–	4	33	42	–	–	33	42
F Haafkens	62	–	–	62	63	–	–	62	63
A M Cooper	–	–	–	–	50	–	–	–	50
	971	1,073	43	2,087	2,241	130	295	2,217	2,536

The directors emoluments exclude contributions to the pension scheme. D Taylor and A M Cooper resigned from the board on 3 July 2023 and P D Mason resigned from the board on 18 January 2024.

Directors' pension arrangements (audited)

J E Thorpe is a deferred member of the defined contribution section of the FW Thorpe Retirement Benefits Scheme.

I A Thorpe, A B Thorpe and M Allcock are retired members of the defined benefit section.

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

The defined benefit section aims to provide a maximum pension of two-thirds of pensionable salary at normal retirement date.

M Allcock and J E Thorpe have ceased being active members of the FW Thorpe Retirement Benefits Scheme and C Muncaster has ceased being an active member of his personal pension scheme due to HMRC limits on lifetime allowances and annual contributions. Subsequently the Company has entered into pension compensation arrangements with these three directors to compensate them for the loss of these employer pension contributions. During the financial year the Company paid pension compensation to M Allcock of £194,901 (2023: £180,953), C Muncaster £54,359 (2023: £51,770) to J E Thorpe £33,317 (2023: £23,150).

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

Directors' remuneration report continued

There are no directors, excluding those classified as pensioners, having accrued entitlements under the defined benefit section of the pension scheme.

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

	2024	2023
	£'000	£'000
J E Thorpe	–	9

CEO pay ratio

FW Thorpe being a UK listed company with more than 250 employees is required to disclose annually the ratio of the CEO'S pay to the lower quartile, median and upper quartile pay of their UK employees. These details are shown in the table below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023–24	Option A	28:1	20:1	11:1
2022–23	Option A	27:1	19:1	9:1
2021–22	Option A	26:1	18:1	9:1

Option A was chosen as it represents the most accurate means of identifying the percentiles. The comparison is based on data for the year ended 30 June 2024. The table below sets out the salary and total pay and benefits for the three quartiles.

	25th percentile pay	Median pay	75th percentile pay
Base salary	£25,126	£34,681	£52,500
Total remuneration	£34,695	£48,854	£90,115

Directors' shareholdings

The directors listed below were in office during the year. Directors' interests in the share capital of the Company at 30 June 2024 and 30 June 2023 were as follows:

	Ordinary shares of 1p Beneficial	
	2024	2023
Executive directors		
M Allcock	235,450	221,350
C Muncaster	140,000	100,000
J E Thorpe	2,164,682	2,164,682
D Taylor	–	140,137
Non-executive directors		
A B Thorpe	25,892,700	25,892,700
I A Thorpe	25,047,120	25,047,120
F Haafkens	–	–
P D Mason	–	626,370
A M Cooper	–	152,597

The market price of the Company's shares at the beginning and end of the financial year was 374p and 337p respectively, and the range of market prices during the year was from 320p to 427p.

Executive share ownership plan (ESOP) (audited)

Share options were granted during 2014, under the Company's ESOP, to the Company's executive directors and certain directors of subsidiary companies. The plan allows the vesting of options subject to the achievement of performance targets, being annual growth of pre-tax Earnings Per Shares in excess of RPI plus 3% over a five-year period.

Share options were granted during 2024, under a Company ESOP to Company's executive directors and certain directors of subsidiary companies. This plan allows for the vesting of options subject to the achievement of performance targets, being:

- Annual growth of pre-tax Basic Earnings per Share in excess of CPI plus 2% over a five-year period;
- Total shareholder return where the company must be ranked above the median of the Comparator Group at the end of the five years period;
- Appropriate progress towards the Group's carbon reduction target in line Group's sustainability strategy, and any published commitments made at the end of the five years period.

The options that were granted to the executive directors are detailed in the table below.

	M Allcock	C Muncaster	C Muncaster	J E Thorpe
Date Granted	24 October 2014	24 October 2014	30 May 2024	30 May 2024
Share Options	200,000	200,000	200,000	200,000
Exercise price (p) Approved options	124	124	375	375
Exercise price (p) Unapproved options	124	124	337.5	337.5

	M Allcock	C Muncaster	C Muncaster	J E Thorpe
Number at 1 July 2023	20,000	60,000	–	–
Awarded	–	–	200,000	200,000
Vested	–	–	–	–
Exercised	20,000	40,000	–	–
Forfeit	–	–	–	–
Lapsed	–	–	–	–
Number at 30 June 2024	–	20,000	200,000	200,000

C Muncaster exercised the remaining 20,000 shares of the ESOP 2014 scheme on the 12 July 2024. Other than this, there have been no changes in the interests of the directors in the share capital of any Company in the Group during the period 1 July 2024 to 3 October 2024.

Approved by the Board and signed on its behalf by:



Craig Muncaster
Chief Executive, Group Financial Director and Company Secretary

3 October 2024