

Northamptonshire Limited 2019

A year of mixed fortunes





Mike Hughes
Director

Foreword

I am delighted to introduce Grant Thornton's Northamptonshire Limited report, the seventh year we have focused on the performance of the Top 100 privately owned businesses in Northamptonshire. This year we have also partnered with the University of Northampton to focus on the important role businesses play in driving the sustainability agenda from reducing their environmental footprint to enhancing their social impact.

It's been another interesting year since our 2018 report. The lingering uncertainties over Brexit remain, compounded now by a likely general election. On a global stage, a US/China trade war still looms and tensions are high in the Middle East. The underlying UK economy remains fragile with modest GDP growth and there is the potential of a recession and disruption to trade should a no-deal Brexit materialise. However, UK employment is high and interest rates remain low with future rises likely to be phased in over a long period of time.

Against this backdrop, a focus on sustainability is, quite rightly, a high priority for many Northamptonshire businesses. Customers, employees and stakeholders are demanding strong credentials in this area, and those businesses that demonstrate their commitment to progressing the environmental and social agenda will retain a competitive advantage.

Despite a more mixed performance this year, it is right to celebrate the tremendous achievement of the Northamptonshire business community in delivering yet another set of solid results.

Overall, businesses in Northamptonshire are performing well in an uncertain market showing great skill, resource and commitment to deliver dynamic growth. We wish all of our Top 100 businesses continued success in the coming financial year.

Northamptonshire's Top 100 companies

2 Excel Aviation Limited	Curve Group Holdings Limited	Loake Brothers Limited	Rodericks Dental Limited
A.S.C. Metals Limited	Dalepak Holdings Limited	Logistex Europe Ltd	Salvesen Insulated Frames Limited
ACS Systems UK Limited	Dodson & Horrell Group Limited	M.P.B. Structures Ltd	Scott Bader Commonwealth Limited(The)
Ancillary Components Limited	E.M. Rogers Group Limited	Matrix Polymers Limited	Seebeck 63 Limited
Avery Homes (Nelson) Limited	EBC Holdings Limited	Maypine Construction Limited	Sloane Helicopters Limited
AVK UK Limited	Enesco Limited	Medigold Health Consultancy Limited	Snows Timber Limited
Barker Shoes Limited	F.W. Baker Limited	Midland Automation Limited	ST Andrew's Healthcare
Barton Petroleum (Holdings) Limited	Fablink Group Holdings Limited	Motorvogue (Northampton) Limited	Steeple Group Limited
Barwood Homes Holdings Limited	FCL Organisation Ltd	Mulberry Property Developments Ltd	Sterling Press Limited
Bells Motor Group Limited	FFP Packaging Solutions Limited	Nene Storage Equipment Holdings Limited	The Glazerite UK Group Ltd
Belmont Press Limited	Freightroute Limited	Northampton Partnership Homes Limited	Total Computer Networks Limited
Bennie Holdings Limited	Goldline (UK) Limited	Northampton Saints PLC	Toymaster Limited
Billing Finance Group Limited	Graham Holmes Astraseal Limited	Ocee Design Limited	Tripal Group Limited
Bluefish Office Products Limited	Grosvenor Contracts Leasing Limited	Online Direct Limited	Tripod Crest Group Limited
Bodypower Sports Holdings Limited	Hampton Steel Limited	P.N. Sharpe Limited	UK Computer Group Limited
Briggs & Forrester Group Limited	Harrowden Farms Group Limited	P3 Group Europe Limited	Ultima Displays Limited
British Racing Drivers Club Limited(The)	Heygate & Sons Limited	Panther Warehousing Limited	Virani Food Products Limited
Cambridge Nutritional Foods Limited	Hi-Force Limited	PCS Business Systems Group Limited	Walls And Floors Limited
Carmac (Building & Civil Engineering) Limited	Huxloe Logistics Ltd	Perrys Group Limited	Weatherbys Bank Holdings Limited
Central Foods Limited	Industrial Control Distributors Limited	Povoas Packaging Limited	Weatherbys Thoroughbred Holdings Limited
Charles Jackson & CO. Limited	Infomedia Services Limited	Prestige Homeseeker Park & Leisure Homes Limited	Whitworths Holdings Limited
Cosworth Group Holdings Limited	Infrastructure Gateway Limited	Randall Parker Food Group Limited	Wicksteed Leisure Limited
Crisis Worldwide Holdings Limited	J & A Young Group Limited	Richard Sanders Limited	William Morgan Group Limited
Crockett And Jones Limited	Jeakins Weir Limited	RML Group Limited	Winvic Group Limited
CSG Longboat Ltd	Knights of Old Group Limited	Rockingham Cars Limited	Wykes Engineering CO. (Rushden) Limited
	Langley UK Limited		



About Northamptonshire Limited

Now in its seventh year, Northamptonshire Limited, prepared by financial and business advisers Grant Thornton gives a unique insight into the performance of the Northamptonshire business community.

The survey analyses the financial performance of the county's leading privately owned companies. This provides a yardstick against which the county can assess its economic performance and businesses can benchmark themselves against their peers. Northamptonshire Limited is part of an annual series of detailed business analysis by county initiated by Grant Thornton. This report and the benchmarks it highlights have already become a key event in the county's business calendar.

How is Northamptonshire Limited compiled?

Northamptonshire Limited is compiled using the most recent publicly available accounts (as at September 2019) of the county's largest privately owned companies based on turnover and with their principle trading address in Northamptonshire. The survey excludes companies that are listed or owned by listed or overseas businesses. This survey encompasses companies with revenues ranging from around £13m to over £600m.

Following analysis of the 100 constituent members of Northamptonshire Limited, eight sectors were identified to form the basis of this report:



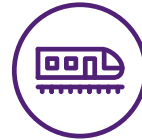
Automotive and motor retail



Business support services



Food, drink and leisure



Freight and logistics



Healthcare and education



Industrial and manufacturing



Property and construction



Retail and wholesale

What does Northamptonshire Limited tell us?

The report gives a fascinating insight into how Northamptonshire Limited has performed during a period of ongoing political and economic turbulence as businesses in Northamptonshire seek to capitalise on opportunities change may bring.

An indication that change continues whatever the economic circumstances is that the Top 100 in this year's report includes 19 new companies compared to the previous year.



Findings - headline results

The companies comprising Northamptonshire Limited have had a mixed year with a real spread between those performing strongly in terms of underlying profitability and growth and companies that are clearly facing challenging times.

Turnover and profitability

The results for Northamptonshire Limited show the county's largest privately owned companies have had a mixed year in terms of turnover and profit growth.

The aggregated accounts show that turnover increased by 6.0% from £5.34bn to £5.65bn but that Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA), demonstrating operating cashflow, fell 7.0% from £344m to £311m.

Average cost of capital remains low at 2.4% whilst interest cover, a measure of the adequacy of a company's cashflow to cover interest payments and expressed as a measure of EBITDA, remains extremely healthy at nearly 14 times.

This is the first Northamptonshire Limited report to show a decrease in EBITDA. This reflects an across the board patchy performance, something we noted early signs of in last year's report. In total, two thirds of the companies were able to increase turnover, very similar to each of the last two years.

However, profitability has clearly been a struggle with just 51 businesses increasing EBITDA, compared to 61 last year and 67 in 2017. There are also five EBITDA lossmaking businesses in this years Top 100, more than in the previous two years combined.



£5.65bn
Turnover



6%
Turnover
increase from
prior year



£13-£600m
Turnover
range



£311m
EBITDA



7%
EBITDA
decrease from
prior year

Employment

Total employees have risen by 2.5%, implying improved productivity given the increase in turnover. However, after a number of years of low or no growth, average remuneration has risen by a massive 4.5%, the highest annual rise in any of the last seven years of this report.

In part, this cost pressure may have contributed to the decline in profitability as companies are increasing forced to pay higher wages to recruit and retain key staff.



25,616
Total employees



2.5%
Employee increase from prior year



£35,190
Average salary



4.5%
Average salary increase from prior year

Balance sheet

A net increase in fixed assets of 6.2% is strong evidence that many companies continue to invest for the future.

Total debt has risen by more than £100m (12.7%), indicating both an active lending market and a willingness of companies to increase borrowing, albeit still within comfortable levels of gearing.



£1.4bn
Fixed assets



6.2%
Fixed assets increase from prior year



£344m
Cash



6.9%
Cash increase from prior year



£485m
Working capital



So what conclusions can we draw from this report?

In summary, whilst there have been some stellar performances, it feels that economic challenges, ongoing Brexit uncertainty and underlying cost pressures have finally taken a toll on the largest privately owned businesses in the county. However, turnover continues to grow, balance sheets are largely healthy and investment in fixed assets may be evidence of renewed growth ahead.

Large vs SME

The companies included in Northamptonshire Limited can also be analysed into large businesses (turnover greater than £50m) and SMEs (the rest).

In 2019 Northamptonshire Limited comprises 23 large companies and 77 SMEs, although the large companies account for 65.3% of turnover. By analysing these groups of data separately, there are some interesting findings.

Turnover grew in both the large and SME companies by virtually the same, (6.1% against 5.7%). Historically, turnover growth has tended to focus on the larger businesses in the county.

The decline in EBITDA amongst the large businesses (8.0%) was significantly more than that of the SMEs (5.7%). In most years the larger businesses have tended to perform better. It may be that some of these companies have been more adversely affected by national and international challenges.

Fixed asset investment continues to be higher in the large companies, an increase of 7.6% compared to only 2.9% in the SMEs.

Whilst, as in previous years, it is to be expected that cost of capital would be higher in the SMEs, it is interesting that interest cover is higher in the large businesses, despite increasing levels of debt by 16.3% compared to only 8.2% in the SMEs.

Large vs SME

Large	CY £000	PY £000	Variance %
Turnover	3,694,872	3,480,940	6.1%
EBITDA	169,583	184,337	-8.0%
Interest payable	10,489	10,254	2.3%
Average cost of capital	2.0%	2.2%	-12.1%
Interest cover	16.17	17.98	-10.1%
Gearing	0.70	0.64	9.2%

SMEs	CY £000	PY £000	Variance %
Turnover	1,959,205	1,854,080	5.7%
EBITDA	141,138	149,669	-5.7%
Interest payable	12,414	11,118	11.7%
Average cost of capital	3.1%	3.0%	3.1%
Interest cover	11.37	13.46	-15.5%
Gearing	0.66	0.66	0.1%

Growth index 2019

Whilst there are clearly some spectacular individual success stories amongst the companies that make up Northamptonshire Limited, it is useful to analyse the extent to which the fortunes of the overall population are changing. One measure of the robustness of the local economy is the proportion of the Top 100 that are growing turnover and EBITDA year on year.

In 2019, 67 of the top 100 companies increased turnover (compared to 68 last year) but only 51 grew EBITDA (61 in 2018).

The reduction in businesses growing EBITDA continues the trend over the last few years from when the number peaked at 73 in 2016.

With a number of challenges in the wider economy such as the changes in exchange rates, skills shortages and weak consumer demand, this trend highlights how some businesses have been able to adapt and prosper whereas others have found trading increasingly difficult.

Another illustration of the long term performance of the county's leading companies is that 47 of the businesses that featured in the first Northamptonshire Limited in 2013 remain in the 2019 report.

Over those six years these businesses have collectively increased turnover by 31%, EBITDA by an impressive 58% and employment by 31%.



There are some stand-out performances in the 2019 report. The 13 companies listed below were able to grow EBITDA by more than 50%. We congratulate them all on such a splendid achievement.

Barton Petroleum
(Holdings) Limited

Barwood Homes
Holdings Limited

British Racing Drivers
Club Limited(The)

FFP Packaging
Solutions Limited

Hampton Steel Limited

J & A Young Group
Limited

Langley UK Limited

Maypine Construction
Limited

Medigold Health
Consultancy Limited

Mulberry Property
Developments Ltd

Ocee Design Limited

Prestige Homeseeker
Park & Leisure Homes
Limited

Virani Food Products
Limited

Sector overview

An analysis of the results by sector shows an interesting picture with only one sector (automotive and motor retail) showing a decline in turnover. The picture is reversed in EBITDA terms with just three sectors (food, drink and leisure, industrial manufacturing and property and construction) showing an overall increase.

Top 3 sectors by turnover



**Property and
construction**



**Automotive and
motor retail**



**Food, drink and
leisure**

Top 3 sectors by EBITDA



**Property and
construction**



**Industrial and
manufacturing**



**Automotive and
motor retail**

Automotive and motor retail



£1.1bn
Turnover



13.6%
EBITDA decrease
from prior year



2,978
Total
employees

Business support services



£434m
Turnover



2%
EBITDA decrease
from prior year



1,840
Total
employees

Industrial and manufacturing



£725m
Turnover



20.7%
EBITDA increase
from prior year



3,558
Total
employees

Food, drinks and leisure



£953m
Turnover



8.4%
EBITDA increase
from prior year



2,771
Total
employees

Property and construction



£1.2bn
Turnover



9.5%
EBITDA increase
from prior year



3,160
Total
employees



Freight and logistics



£249m
Turnover



34.3%
EBITDA decrease
from prior year



2,201
Total
employees



Retail and wholesale



£602m
Turnover



12.6%
EBITDA decrease
from prior year



2,191
Total
employees



Healthcare and education



£366m
Turnover



60.8%
EBITDA decrease
from prior year



6,917
Total
employees



Good corporate citizenship

Are Northamptonshire's companies creating social value?

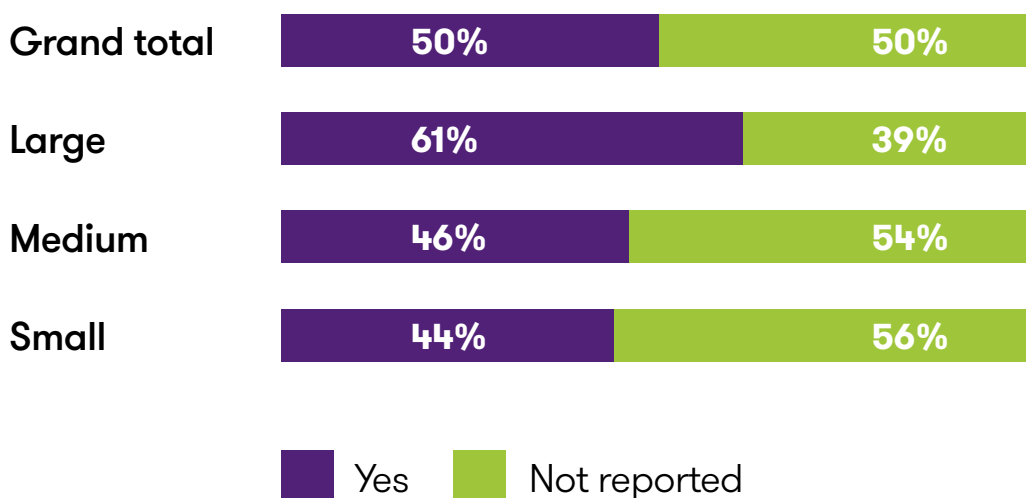
There is growing pressure on business to think beyond profit as its sole purpose and make a positive contribution to society by considering its environmental and social as well as economic impacts. Together with the University of Northampton, and with the support of the Lord-Lieutenant of Northamptonshire, David Laing, for the first time we have taken a look at the state of good 'corporate citizenship' or 'corporate social responsibility' (CSR)¹ within Northamptonshire's Top 100 businesses.

Active - or not?

Whilst many businesses - and their employees - undertake a lot of charitable work, we found that just 50% of companies are reporting CSR activities. This doesn't necessarily mean they are not doing anything, but if they are, they are not benefiting from any positive PR effect.

For this analysis we have split the Top 100 into large (more than 250 employees, medium (50 to 250 employees) and small (less than 50 employees). In general, the larger the organisation, the more CSR activity was recorded.

Analysis of CSR involvement by size



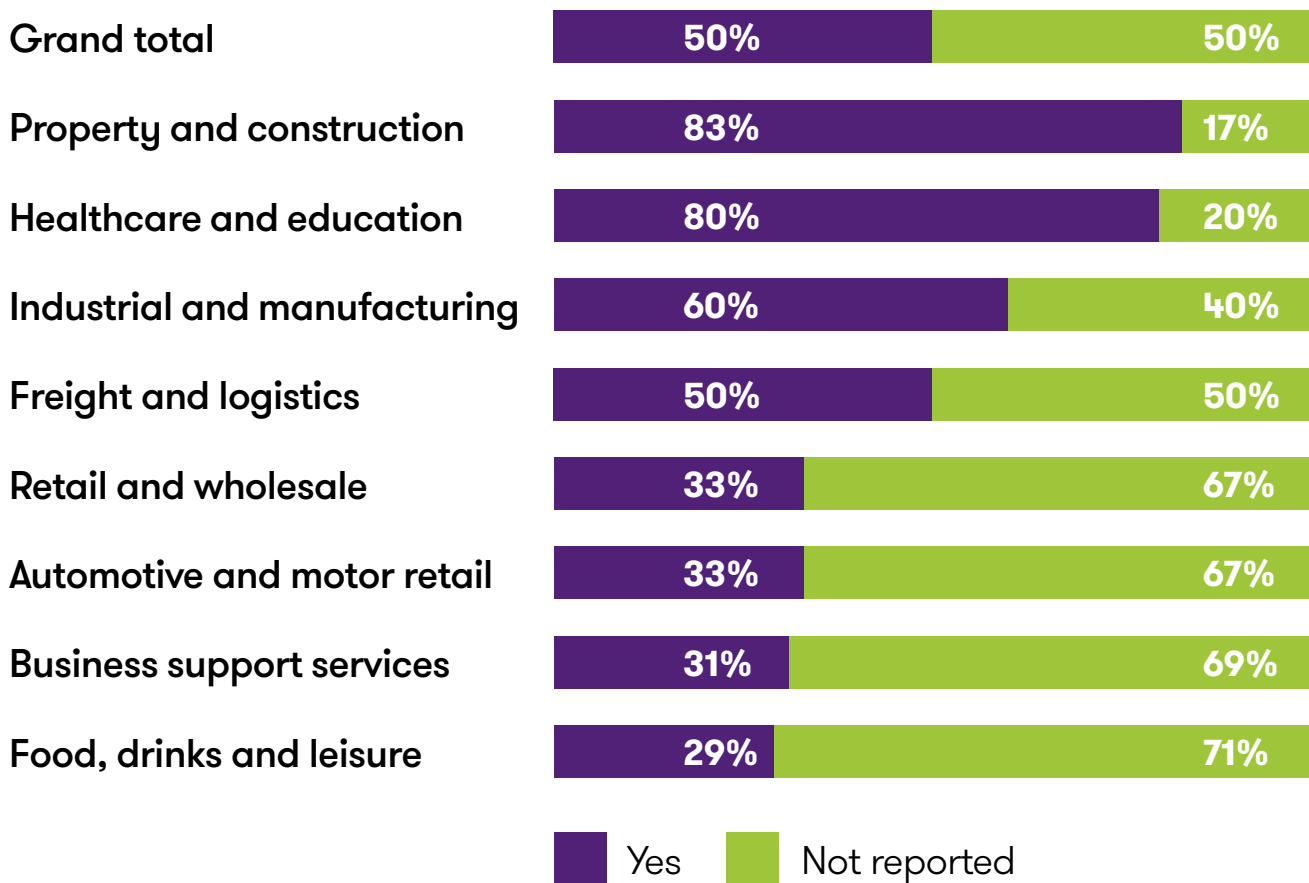
¹ CSR:

'The voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society.' UK Department for Business Innovation & Skills (2009)

'The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for the community.' World Bank.

When analysed by sector, property and construction companies reported significantly more activity at 83% (possibly linked to Section 106 requirements for planning purposes) along with 80% in the healthcare sector – whose main purpose is, of course, to create health as a social good.

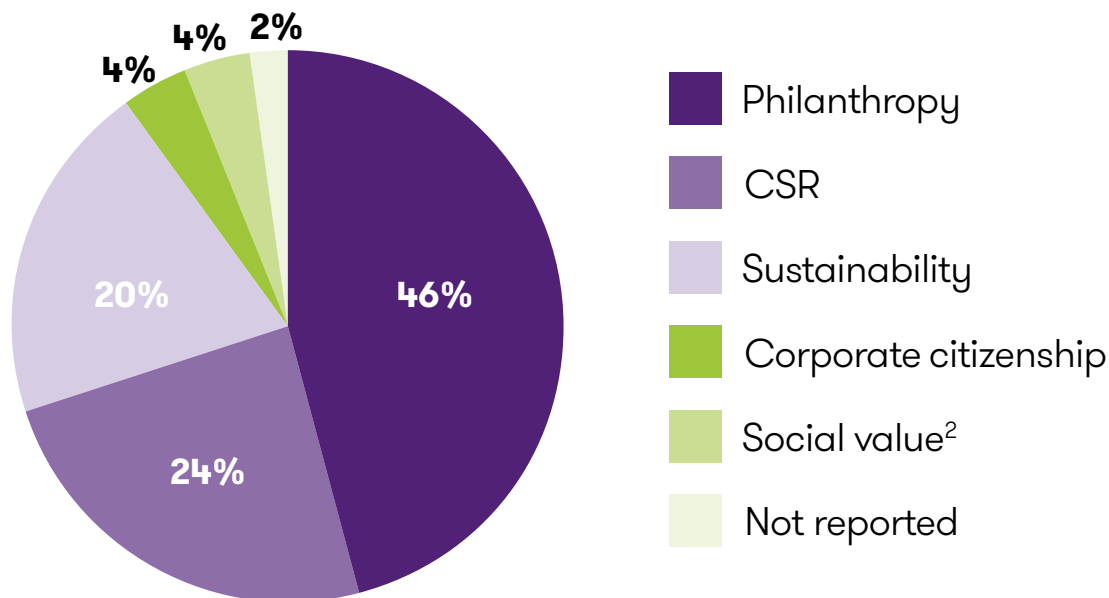
Analysis of CSR engagement by sector



Vocabulary – a guide to corporate attitudes?

The vocabulary used is an interesting guide to the approach being taken by local companies and the degree to which they are aligned with the latest thinking and best practice in corporate citizenship. The traditional term of ‘philanthropy’ was by far the most common descriptor, followed by ‘corporate social responsibility’ (CSR) itself - and then the more recent term ‘sustainability’¹, a word which to many has more environmental than social connotations, as it focuses on the planet’s resources.

Vocabulary used by the companies involved in CSR



[1] Sustainability: Meeting the needs of the present without compromising the ability of future generations to meet their needs. Bruntland Report (1980)

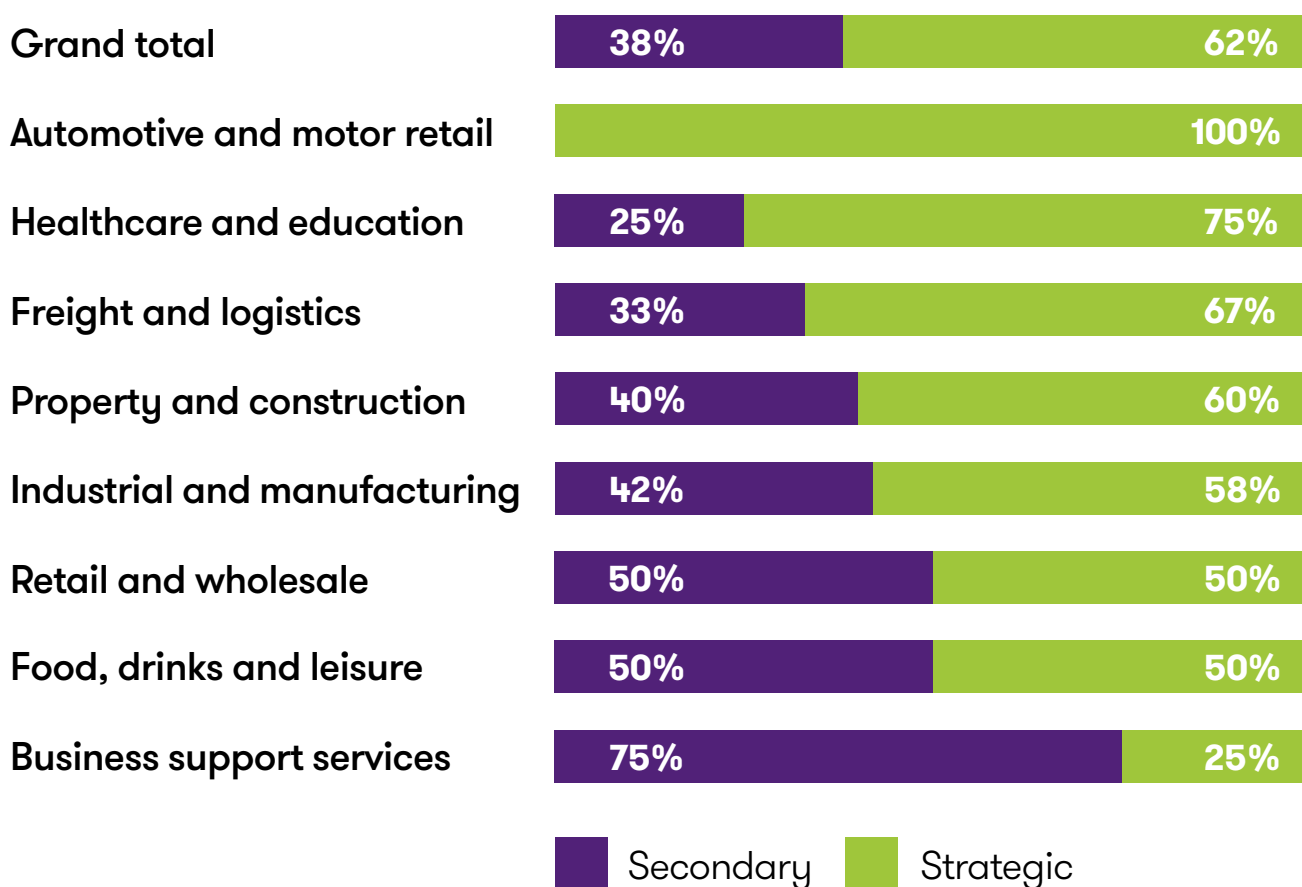
[2] Social Value: Social value serves as an umbrella term for the impacts of CSR activities contributing to the long-term wellbeing and resilience of individuals, communities and society in general. Its measurement focuses on the value of outcomes and impacts as against inputs.



Strategic or not?

Of those companies reporting CSR activities, 62% appear to link CSR to their core operations, with healthcare (75%) and automotive (100%) exceeding this. Retail and service businesses were much less strategic than manufacturing firms. Interestingly, at 68% medium sized companies were more strategic than large or small companies.

Analysis of nature of CSR engagement by sector



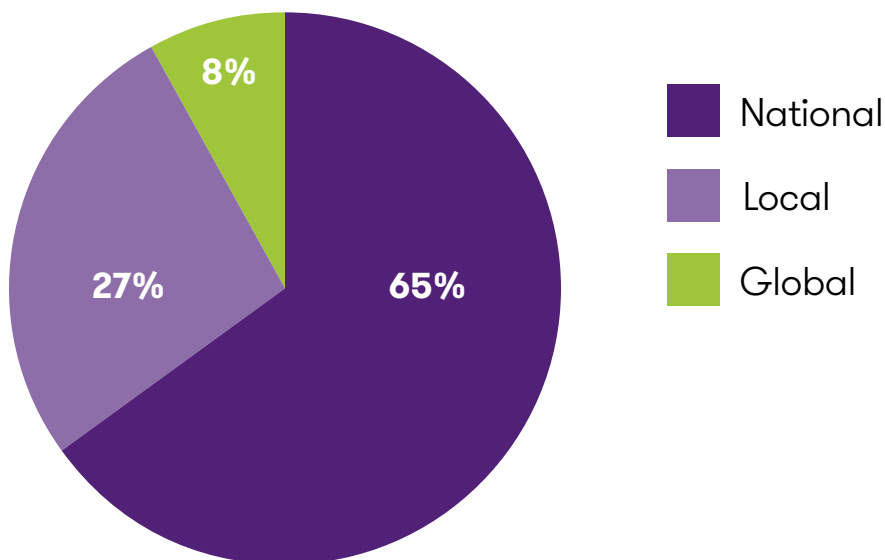
Social or environmental focus?

Large companies were predominantly environmentally focused, medium companies an even split between the two, and small companies reporting activity in both social and environmental areas – but less strategic.

Reach and impact

In terms of reach and impact, of those reporting CSR involvement, 65% were active on national issues compared to 8% addressing global issues. Just 27% had a local focus of their CSR activity.

CSR reach - total



Issues addressed?

A wide range of issues and causes were reported. In environmental terms, water, sanitation and waste featured highly, with waste the predominant issue for food and drink companies. The social causes supported included health, poverty, disability, age concern and notably in some sectors youth-based initiatives – e.g. youth disadvantage and enterprise being the most popular. Youth opportunity is an area in great need of support in Northamptonshire, and one that business has a vested interest in terms of its future recruitment.

Stakeholder consultation and third-party recognition

A key element of a proactive approach to creating social value is through ‘stakeholder engagement’, but there was no evidence of this, with disappointingly NO company reporting any consultation with non-commercial stakeholders, i.e. neighbours, community etc. However, of those reporting CSR activity, a relatively high number (46%) had sought third party recognition for their CSR efforts, through accreditation under one of the many standards and awards available. This figure was surprisingly lower for larger companies at 35%.

Conclusion

There are some clear linkages in terms of businesses reporting environmental activity, driven by either legal requirement or cost savings. Environmental management systems and metrics are well established, although much more could still be done in terms of the sustainability of the planet’s resources.

On the social side, and in a context of years of cuts in spending on social services, there would appear to be considerable scope for a more strategic, locally-based and socially-focused approach to CSR, with greater and more effective collaboration between business and local charities to address priority community issues.

Current trends in CSR are away from philanthropy and sustainability to joint company and community social value creation, not separate from but integral to profit generation. It is possible that by raising awareness of these issues more of the county’s leading companies will collaborate with local charities, for greater ‘collective impact’, helping to produce a healthier business environment.

Our commitment to sustainable business

We support **7390** entrepreneurs in the developing world with **over £83,000** of microfinance investment enabling business growth and sustainable communities

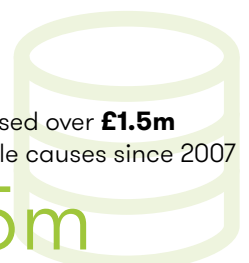


We are an accredited Living Wage employer



We have raised over **£1.5m** for charitable causes since 2007

£1.5m



Our School Enterprise Programme has reached **2533** students, developing financial literacy and entrepreneurial skills in young people



80 school leavers joined our firm this year

We aim to deliver **70** work experience placements to disadvantaged students in 2019 to raise aspirations and improve access to the firm



We received The Queen's Award for services to social mobility, were named Organisation of the Year at the UK Social Mobility Awards, and are currently number two in the Social Mobility Employer Index



Over the past 3 years we have reduced our paper consumption by **42%**, saving **1200** trees



We support refugees into meaningful employment by offering work experience placements, skills based workshops and mentoring



94% We have switched to renewable electricity contracts at our owned sites, resulting in a **94%** decrease in electricity emissions



We have signed the Race at Work charter, are part of the Stonewall index and are disability confident level two



Plastic and paper cups have been eliminated and replaced with glasses and mugs



About Grant Thornton

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Our client-focused team across our Northampton and Milton Keynes offices has a wealth of experience working with dynamic businesses, providing assurance, tax and advisory services.

We are passionate about our role in the local community as well as internationally and how we contribute to stimulating discussion and debate on how our economy can be grown in a sustainable and innovative way.



2
local
offices



Leading financial
and business
advisor to mid sized
businesses



250
People



9
Partners



Full service
offering

Grant Thornton UK LLP

From our 26 offices across the UK, we help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice.

Proactive teams, working together under a shared enterprise model, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.



26
Offices



190
Partners



4,500
People



£500m
Turnover

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We are constantly evolving and developing alongside our clients and are focused on making a difference to them, colleagues and the communities in which we live and work.



Global methodologies, strategy, global brand, global values – consistent global service



Fee income
\$5.45bn



Countries
135



People
50,000+

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Acknowledgements

We are delighted to have worked in partnership with the University of Northampton to create this year's Northamptonshire Limited report. In particular, the Good Corporate Citizenship study was undertaken with the support of:

- The Lord-Lieutenant of Northamptonshire and Pro-Chancellor of the University, David Laing
- A team of the University's MBA students led by:
 - Miss Jolly James
 - Miss Tran Thi Hang (Mei)
 - Miss Thi Hong Ngoc Le (Dolly)

A further special thanks to this year's keynote speaker, Adrian Pryce, who managed the project. Adrian is a senior lecturer in the Faculty of Business and Law (FBL) at the University of Northampton, teaching strategy and cross-cultural management.

Adrian's research interests are in the area of 'conscious' and inclusive capitalism, the creation and measurement of social value and the concept of 'collective impact' in which the public-private-academic-social sectors work together for long term sustainability and prosperity for all stakeholders in the community.

In 2017 Adrian was appointed a Deputy Lieutenant of Northamptonshire (an honorary non-military role) for services to the county, and in this role he serves on the Lord-Lieutenant's Community and Commerce Groups.



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