W. Lucy & Co. Ltd.

2013
Annual Report & Accounts

W. Lucy & Co. Ltd.

Registered office

W. Lucy & Co. Ltd.

Eagle Works

Walton Well Road

Oxford

OX2 6EE

www.lucygroup.com

Contents

Financial highlights

Turnover

£152.1m

£125.2m in 2012

Rental income

£6.2m

£5.8m in 2012

Operating profit

£21.1m

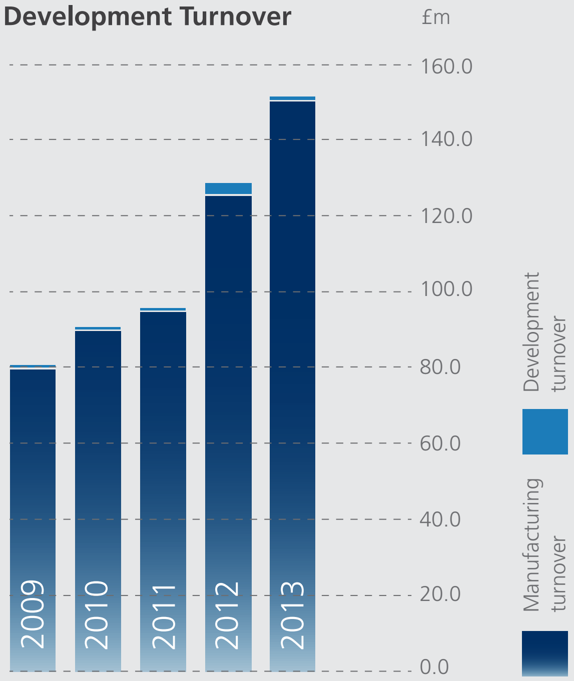
£14.0m in 2012

Profit before tax

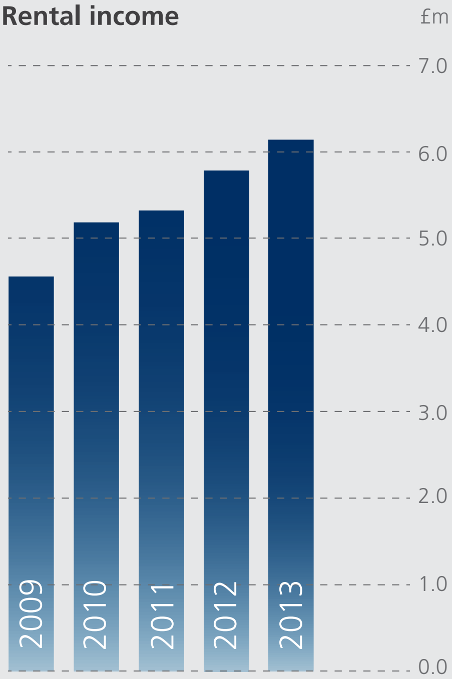
£14.9m

£6.9m in 2012

Manufacturing & Development Turnover



Rental income



Total recognised gain relating to the year

£14.5m

£9.5m in 2012

Shareholders' funds

£135.7m

£122.6m in 2012

Earnings per share

2,560p

1,385p in 2012

Recognised gain per share for the year

2,946p

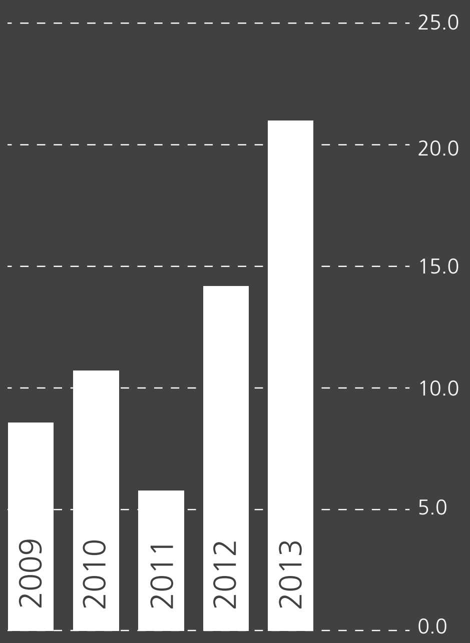
1,932p in 2012

Dividends per share (paid and proposed)

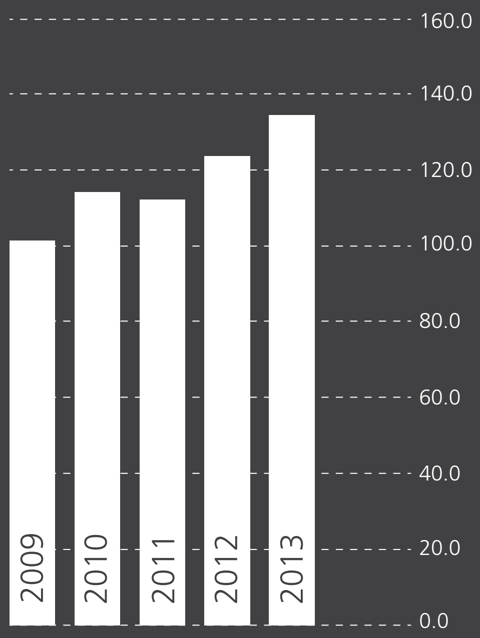
302p

168p in 2012

Operating profit £m



Shareholders funds £m



Strategic report

Strategy

Lucy Group is focused on delivering shareholder value over the long-term via four distinct business units; Lucy Switchgear, Lucy Zodion, Lucy Castings and Lucy Real Estate. A balanced risk profile encompassing a strong underlying asset base, coupled with targeted investment in these diversified businesses provides investors with stability and opportunity.

Business development and performance for the year

The group delivered a record set of results in 2013 in a year characterised by uncertain market conditions. Sales growth of 21% was achieved, although momentum tailed off in the last quarter. Group rental income increased by 6% to £6.2 million. Group profit before tax more than double to £14.9 million, even after allowing for restructuring and startup costs of £6.4 million to reposition the business for future growth.

In 2013 we made steady progress towards the group's strategic objectives, via both acquisitive and organic means. Organic sales growth stood at 20% with acquisitions contributing a further 1% to group revenues.

An important achievement was the acquisition in March of Truscanian Limited, a specialist aluminium castings manufacturer based in the West Midlands. The combined Sandawana and Truscanian businesses now operate under the re-established Lucy Castings brand, providing iron, and aluminium castings solutions to an established client base.

We also made significant progress in our strategy of exploiting growth opportunities in the Middle East and emerging markets, expanding production and warehousing facilities at our Dubai manufacturing unit. During the second half of the year we established a new manufacturing facility in Thailand which is anticipated to be operational during the second half of 2014, further positioning Lucy Switchgear to capitalise on demand in the region.

The group also made progress on a number of financial and operational priorities during the year. The total recognised gain for the year was £14.5 million.

The significant growth in sales increased working capital requirements at a time when the group is investing heavily in capital expenditure. However, net debt decreased by £7.4 million because investments have been funded out of operational cash generation. The group's investment property portfolio was valued at £102.4 million at the end of the year.

A new group website was launched in November, increasing the group's profile and enabling improved communication with shareholders.

With a strengthening foothold in international markets and a continued focus on investment in product development and production capabilities, the group is positioned to take advantage of opportunities over the medium-term.

Financial position

At 31st December 2013 the group had committed bank facilities of £27.4 million while actual borrowings were £16.2 million. Gearing decreased to 11% (2012: 15%) and interest costs were covered 35 times (2012: 13 times). The group had net debt of £2.8 million compared to £10.2 million last year. Shareholders' funds increased by 11% in the year to £135.7 million.

Outlook

The group's strategy remains unchanged and the board continues to invest in property, plant and equipment, product development and sales coverage to support long term growth.

Whilst mindful of the uncertain economic environment, the group is reasonably well positioned in a number of growth markets and indications from customers are positive. Our businesses have strong brands and proven products, backed up by a substantial property portfolio with a stable income stream. These factors provide the board with confidence of achieving further progress in the coming year.

Principal risks and uncertainties

The section on Principal risks and uncertainties is elsewhere in this report.

Richard Dick
Executive Chairman
6th March 2014

Report of the Directors

The directors present their report on the affairs of the group, together with the audited accounts for the year ended 31st December 2013.

Sales and rental income

Group sales for the year were a record £152.1 million representing growth of 21% from last year. The acquisition of Truscanian Limited contributed 1% to revenue growth, giving an underlying growth of 20%. This growth was largely from the group's traditional markets supported by an important and increasing exposure to emerging markets. The investment over recent years both in our UK and international sales channels and our product portfolio has proved successful.

Group rental income increased by 6% from £5.8 million to £6.2 million. In May the group acquired nine apartments in Girdlestone Close, Headington, Oxford at a cost of £2.7 million. These were refurbished and let by September and contributed to this increase.

Gross margin and costs

Gross margins at 34.2% increased by 3.5 percentage points compared to last year through higher volumes, benign commodity prices, improvements in operational efficiencies and good cost control within the group's manufacturing activities. Development expenditure decreased by £0.1million to £3.9 million reflecting lower external testing costs during the year. The increase in selling, distribution and administration costs reflects the higher levels of activity and complexity of the business, together with continued investment in sales and marketing activities to drive growth.

Profitability

Operating profit increased significantly from £14.0 million to a record £21.1 million producing a 14% return on sales. Exceptional costs of £6.4 million (2012: £6.4 million) were incurred for restructuring and startup costs in Saudi Arabia and Thailand as part of the strategy to transform and reposition the group's overseas activities. Group profit on ordinary activities before tax was £14.9 million (2012: £6.9 million) and profit after tax was £12.6 million (2012: £6.8 million).

Recognised gains and losses

The group's Statement of Recognised Gains and Losses (STRGL) included a £2.6 million gain on the revaluation of the group's investment properties which was largely due to rent increases and after allowing for a £0.7 million reduction in the valuation of Eagle House. An actuarial loss after tax of £0.4 million was incurred on the group's final salary pension scheme. A weakening of the Indian Rupee and a strengthening of Sterling against the US Dollar, largely offset by hedging activities, resulted in a foreign currency loss on net investments in the group's overseas subsidiary companies of £0.3 million. The net result was a recognised gain relating to the year of £14.5 million (2012: £9.5 million).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Company Secretary

001 - Madeline Laxton

Directors

002 - John Godfrey

003 - Richard Dick

004 - Pippa Latham

005 - Chris Levick

006 - Jonathan Finch-Dick

007 - Robert Dick

008 - Gary Ashton

Report of the Directors

Cash flow

The group had a free cash inflow of £8.7 million and had net debt of £2.8 million at the end of the year compared to a free cash outflow of £2.0 million and net debt of £10.2 million last year.

Operating cash flow was an inflow of £20.2 million compared to £7.1 million last year, due to an operating profit of £20.8 million and depreciation and amortisation of £4.4 million, largely offset by increased working capital of £2.9 million and an additional £1.0 million special contribution to the final salary pension scheme. The higher working capital comprises an increase in debtors of £2.8 million, a decrease in creditors of £3.9 million and a decrease in stock of £3.8 million.

Corporation tax payments of £1.5 million (2012: £0.2 million) were made during the year.

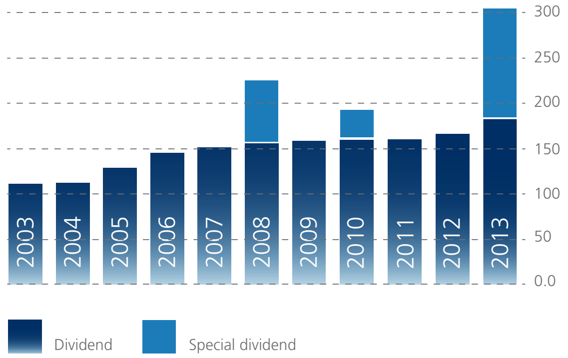
Capital expenditure and financial investment of £9.1 million was comparable to last year's figure of £8.2 million. The significant expenditure in Lucy Switchgear was £2.8 million to increase capacity in the U.A.E. manufacturing units. In Lucy Real Estate, the major item of expenditure was £2.6million for the purchase of 9 flats in Girdlestone Close, Headington, Oxford.

Purchase of subsidiary undertaking represents the acquisition of the entire share capital of Truscanian Limited and its subsidiaries Truscanian Foundries Limited and Hall Estates (Birmingham) Limited for £1.0 million in March 2013.

Dividends

The board recommends a final dividend of 100p per share which, taken together with the 2013 interim dividend, gives a payment of 177p per share (2012: 168p), representing a 5% increase for the year. This dividend will be payable on 30th April 2014 to shareholders on the register on 31st March 2014. In November 2013 a special dividend of 125p per share (2012: Nil) was paid to shareholders. The following chart presents dividends paid and proposed over the last ten years:

Dividend payments



Freehold land and buildings

The group's investment properties are included in the balance sheet at open market value, as determined by the directors after taking professional advice.

Properties that are occupied by the group for its trading purposes are included in the balance sheet at book value and the directors are of the opinion that the market value of these properties is £2.0 million in excess of their book value.

Future developments

The company has had a long and successful relationship with Sheikh Yacoub Al Rasheed, the majority shareholder in The Saudi Lucy Company Limited, going back to the 1970's. However there is currently a legal dispute between the company and Sheikh Al Rasheed, details of which are contained in note 36 of the accounts. The group is applying all necessary resources and expects to defend this action successfully.

No significant events have occurred since the year end.

Employee policies

The group values the commitment of its employees and has maintained its practice of communicating with employees regarding the development of the business. In the UK communication forums are attended by elected employee representatives and senior group management on a number of occasions throughout the year.

Employment policies are designed to respect employee's human rights, ensure equal opportunity and promote diversity. Employees are actively encouraged to undertake relevant training and to develop their careers. Staff appraisals are also conducted with individual employees. The group remains supportive of the employment and advancement of disabled persons.

Pensions

In the United Kingdom the group operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined on or before 10th April 2002. The most recent triennial valuation of this scheme was performed as at 6th April 2011. As a consequence of this valuation, the company undertook to increase its contributions from 13.5% to 17.3% of pensionable salaries from 1st January 2012 and to make an additional lump sum payment of £0.4 million per annum, increasing by inflation for each of the next ten years.

During the year the group's pension liability decreased by £1.5 million to £4.1 million. This decrease in the FRS 17 deficit was largely due to an additional special contribution of £1.0 million from the company and because assets performed better than expected. This was partially offset by an increase in the defined benefits obligation of the scheme due to changes in the financial assumptions. The related deferred tax asset decreased by £0.4 million after allowing for these factors and the new lower deferred tax rate of 20% (2012: 21%) resulting in the net pension liability decreasing by £1.1 million. The amount of the deficit is sensitive to changes in the main financial assumptions, particularly the rate used to discount the liabilities (the discount rate). A change in the discount rate of 0.1% would increase/ decrease the FRS 17 deficit by £0.8 million.

A Stakeholder Pension Scheme managed by AEGON Scottish Equitable is available for eligible UK employees. Lucy Electric India (Private) Limited operates a defined benefit plan for certain staff managed by the Life Insurance Corporation of India and in the U.A.E. and Saudi Arabia unfunded plans are made available for eligible employees.

Health and safety

The group is committed to health and safety best practice as an integral part of its business activities. Good health and safety management safeguards our employees and those who may be affected by our activities and supports the group in achieving its business objectives.

Environment

The group recognises that it has a responsibility to manage the impact of its business on the environment both now and in the future. Key areas of focus continue to be:

- development of energy saving products
- energy use and emissions from its occupied premises and its property portfolio
- energy use from manufacturing processes
- waste created in manufacturing, warehousing and offices

The group seeks to reduce its carbon footprint by reducing energy consumption throughout its operations, minimising and recycling waste and reducing packaging in its products.

Directors

The present membership of the board is set out below:

C. R. Dick	**Executive Chairman**
G. D. Ashton	**Group Finance Director**
C. R. Levick	**Executive Director**
R. I. Dick	**Non - Executive Director**
J. Godfrey	**Non - Executive Director**
P. A. J. Latham	**Non - Executive Director**
J. C. Finch-Dick	**Non - Executive Director**

Ms. P.A.J. Latham and Mr. J.C. Finch-Dick were appointed as non-executive directors on 1st June 2013 and, in accordance with Article 79 of the company's Articles of Association, offer themselves for election at the Annual General Meeting. All other directors served throughout the year.

Mr. R.I. Dick is the director retiring by rotation and will offer himself for re-election at the annual general meeting.

Directors' interests

The interests of the directors in the shares of the company are shown below:

Ordinary shares	At 31st December 2013	At 31st December 2012
C. R. Dick	**11,888**	11,888
G. D. Ashton	**3,800**	3,550
C. R. Levick	**15,750**	15,750
R. I. Dick	**7,540**	7,540
J. Godfrey	**900**	900
J. C. Finch-Dick	**2,461**	2,307

Mr. C.R. Dick, Mr. R.I. Dick and Mr. J.C. Finch-Dick are shareholders in WL Shareholding Limited, the company's holding company.

Corporate governance

The section on corporate governance is elsewhere in this report. The board sets the tone for the way in which the group operates and is committed to running the business in a responsible way. The board considers current performance, strategy and acquisitions, risk management and internal controls throughout the year. The executive management disseminates the values and standards of the board throughout the group.

Research and development

The group's policy is to invest in innovation and development at a level that ensures it retains and enhances its market position.

The Duke of Gloucester and Ms Tricia O'Leary, Head of Home at the opening of the Vale House' new 40 bed nursing home on the 8th March 2013.

The Vale House' new facility located in Sandford, Oxford is a specialist care home for people with severe forms of dementia. The development was built at a cost of £5.5 million and Richard Dick who is the chairman of the Vale House Appeal Fund is aiming to raise funds of £2.5 million. The project has been supported by a number of donors including **W. Lucy & Co. Ltd. who has donated £30,000.**

Donations

Total charitable donations during the year were £69,341 (2012: £25,300). These comprised £35,958 for community projects (2012: £19,650), £33,000 for educational projects (2012: £5,000) and £383 for other projects (2012: £650). No political contributions were made (2012: Nil).

Report of the Directors

Treasury

The group operates a centralised treasury function which is responsible for managing liquidity, interest, commodity and foreign currency risks. As part of its strategy for the management of these risks, the group uses financial derivatives. In accordance with group treasury policy financial derivatives are not entered into for speculative purposes.

• Liquidity risk

The group manages its cash and borrowing requirements centrally to minimise net interest expense within risk parameters set by the board whilst ensuring the group has sufficient liquid resources to meet the operating needs for the group's businesses.

• Interest rate risk

Interest rate risk arises on the group's borrowings and is addressed by taking out forward cover up to a maximum of 60% of total borrowings for periods of up to five years. This does not eliminate the risk but provides some certainty.

• Commodity risk

Commodity cost risk arises on base metals used in the group's electrical businesses. This risk is addressed, wherever possible, by increasing customer prices through contract variation clauses or by entering into financial instruments on commodities when this is considered to be the most efficient way of protecting against price movements.

• Foreign currency risk

Foreign currency transaction risks typically arise because the group's sales in Euros and in currencies linked to the US Dollar are greater than its purchases in such currencies. The group's policy is to substantially hedge its forecasted net currency exposure using US Dollar forward currency contracts and options in order to protect forecast gross margins one year ahead.

In addition, negotiations with suppliers continue and will result in more purchases in US Dollar and US Dollar linked currencies to allow increased netting of currency flows.

Translation exposure to currency movements in overseas net assets are hedged using foreign currency loans, forward currency contracts and options.

Close company provisions

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Disclosure of information to auditors

In so far as the directors are aware:

• there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and;

• the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Wenn Townsend have expressed their willingness to continue in office as auditors of the company and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board

Madeline Laxton
Company Secretary
6th March 2014

Statement of principal risks and uncertainties

The assessment and management of risk is the responsibility of the board, and the development and execution of a comprehensive and robust system of risk management is a high priority. The board receives regular reports covering risks and mitigating actions arising from external and corporate factors.

Key business risks are currently identified as follows:

Group strategy development and implementation

There is a risk that the group strategy does not deliver sustainable business growth and profits. The board reviews business strategy on a regular basis to determine how sales and profit budgets can be achieved or bettered and business operations made more efficient. The process involves the setting of annual budgets and longer term financial plans to identify ways in which the group can increase shareholder value. Critical to these processes are the consideration of the wider political, economic and industry specific trends that affect the group's businesses.

Credit risk and liquidity

The group is exposed to credit risk from its business customers and procedures are in place and are regularly reviewed. Key suppliers whose services are essential to the business also face credit risk and the group's risk assessment procedures for these key suppliers enables it to identify alternatives and develop contingency plans in the event any of these suppliers fail.

The group has adequate medium term financing in place to support its business operations for the foreseeable future.

People

The expertise, commitment and support of group employees is central to continued business success. Ensuring the group maintains the right mix of skills, knowledge and experience to support a high performing organisational culture is a key ongoing challenge for the business. The group's apprentice schemes are a key example of how this challenge can be met. The group continually seeks to supplement existing capabilities by both attracting new talent and by developing employee skills.

Product design

The success of the group depends on providing high quality products that meet our customers' needs. There are always inherent risks in the introduction of new technologies and the entry into new markets. Executive directors and senior management continually review product development programs to ensure as far as possible they will successfully meet business objectives and customer requirements.

Partnerships, licence agreements and joint ventures

When entering new markets the group has used partnerships, licences and joint ventures with a local partner. This provides the group with local knowledge, expertise and better market access. With these benefits comes the risk that the interests of the parties will not always remain aligned. This can lead to business disruption, dispute and ultimately litigation.

Key suppliers and supply chain management

The group relies on its supplier base to deliver products on time and to the standard it specifies. It continually seeks ways to develop and extend its supplier base so as to reduce any over-reliance on particular suppliers of products and services and to improve the competitiveness of its product offering.

IT systems and business continuity

The group is dependent upon the continued availability and integrity of its computer systems. Each of its businesses must record and process a substantial volume of data accurately and quickly. The group expects that its systems will require continuous enhancements and ongoing investment to prevent obsolescence and maintain responsiveness to business needs. The group continues to review and develop its disaster recovery and business continuity plans.

Treasury and financial risk management

The main risk for the group is the availability of funds to meet business needs. Higher debt levels would result in an increase in the proportion of cash flow dedicated to servicing debt and potentially increase its exposure to interest rate fluctuations. The geographic spread of the group means that its financial results can be affected by movements in foreign exchange rates. The group has a significant proportion of its borrowing denominated in US Dollars to mitigate this risk.

The group operates a centralised treasury function which is responsible for managing its liquidity, interest and foreign currency risks. The group's treasury policy allows the use of derivative products provided they are not entered into for speculative purposes.

In addition the group has to fund its defined benefit pension scheme and ensure that sufficient contributions are made to meet outstanding liabilities as they fall due.

Corporate governance

The board of directors

The board of directors is responsible for major policy decisions whilst delegating more detailed matters to its committees and the executive directors. The board is responsible for the group's system of internal control and for monitoring implementation of its policies.

Internal control

The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable not absolute assurance against material mis-statement or loss. The board holds regular meetings where it approves major decisions including significant items of capital expenditure, investments, treasury and dividend policy. The board is responsible for approving annual group budgets. Performance against budget is reported to the board and substantial variances investigated. Forecasts of each quarter are prepared and reviewed by the board. In addition open and frequent discussions are held and a considerable amount of information is provided to non-executive directors.

Audit Committee

The audit committee comprises three non-executive directors and meets on at least two occasions per year and consults with external auditors and senior management. The committee considers the effectiveness of the risk management process and significant risk issues are reported to the board for consideration. The committee also considers financial reporting and reviews the group's accounting policies relating thereto. In particular, major accounting issues of a subjective nature are discussed by the committee.

Remuneration Committee

The remuneration committee comprises three non-executive directors and the executive chairman. The committee's objective is to review and set a competitive level of remuneration for the executive directors.

External auditors

Wenn Townsend have reported to the Audit Committee that in their professional judgement, they are independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired. The Audit Committee has reviewed this statement and concurs with its conclusion.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Relations with shareholders

The board acknowledges that its primary role is to represent and promote the interests of shareholders. The board is accountable to shareholders for the performance and activities of the group.

The board communicates with its shareholders in respect of the group's business activities through its Annual Report and Accounts, and half-yearly announcement. Shareholders have an opportunity to ask questions or represent their views at the Annual General Meeting.

Going concern

The directors report that having reviewed current performance and forecasts they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have continued to adopt the going concern basis in preparing the accounts.

By order of the board

Madeline Laxton
Company Secretary
6th March 2014

Lucy Group

Built on strong foundations

Lucy is a privately owned international group operating through four diversified business units, in 14 different locations across 8 countries employing over 1,000 people. Our mission is to deliver innovative solutions to customers and become the leader in each of the markets we serve. The group has a strong culture of engineering excellence, with a commitment to provide quality products and services to our customers.

Record performance in a tough market

2013 was a year of record results for the group, with trading characterised by continued strong progress despite difficult market conditions. Group turnover was £152 million, an increase of 21% over the last year, with operating profit of £21 million.

Positioned for growth

The home market remained challenging as the UK economy slowly recovered, but exposure to the Middle East and emerging market economies continued to provide significant growth opportunities on the international stage, particularly in Lucy Switchgear which had excellent results. Targeted investment in product development and in production capability remain continual drivers of our growth strategy.

To this end, the levels of capital investment across the group remained high during the year at £9 million, twice the rate of depreciation.

We are also well positioned for acquisitive and organic growth opportunities over the medium-term following the replacement of our loan facilities. During the year, available borrowing facilities increased to £12 million assisted by the replacement of a £4 million revolving credit facility with a 5 year, £8 million revolving credit facility, bringing total group facilities to £27 million.

Truscanian

The acquisition of Truscanian Ltd for £1 million in March 2013 increased the group's capability to provide bespoke cast component solutions to a high quality customer base. Truscanian, a specialist aluminium castings business based in Oldbury in the West Midlands, complements Sandawana Castings Ltd, our existing iron castings business, and provides synergies, improving the business unit's product offering. The combined Sandawana and Truscanian businesses were re-branded under the Lucy Castings banner during the year with a new, dedicated website: www.lucycastings.com

Investing in people

We also made a significant investment in human capital, increasing the overall headcount to more than 1,000. Our board was strengthened by the appointment of two new non-executive directors, Ms. Pippa Latham and Mr. Jonathan Finch-Dick who joined in June. The group continues to invest in its apprenticeship programmes.

Infrastructure

The expansion of the group's corporate head office in Jericho, Oxford was completed in September, providing extra capacity for our head office functions. Our newly designed corporate website, **www.lucygroup.com** was launched in November 2013.

Head office in Oxford

001 - Exterior view

002 - Increased meeting room space

003 - External signage

004 - New group website

005 - Interior view

Record results for the **Lucy Group**

Turnover increases **21% over the previous year**

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Significant investment in people increasing the overall headcount to more than 1,000.

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004

Lucy Switchgear

Driving long-term value through investment and innovation

Serving an international customer base from sales and manufacturing facilities around the world, Lucy Switchgear has a long-held and enviable reputation in the power distribution industry. From a global engineering centre in Thame, Oxfordshire, Lucy Switchgear designs innovative products and services for use in the field of medium voltage electrical switchgear primarily in the 10-24KV range.

Strong growth

2013 was a year of strong growth for Lucy Switchgear. The business delivered on its commitment to target sales growth by increasing capacity to meet demand in the key emerging markets served. Lucy Switchgear invested in additional plant and machinery at its Dubai manufacturing facility early in 2013, thereby increasing its capability to deliver on a strong order book to new and established customers in the Gulf region.

Investing in a global future

In the year Lucy Switchgear acquired the building adjacent to the Dubai factory, streamlining storage and warehousing facilities to drive improvements in production efficiency, logistics and material flow. In the second quarter of 2013 a decision was made to establish a new manufacturing unit in Thailand. This will increase Lucy Switchgear's production capacity and support the growing sales opportunities in the region. Currently in its start-up phase, the Thai manufacturing facility is scheduled to become operational in the second half of 2014.

Investment in innovation

Maintaining competitive advantage through innovation saw R&D continue to be a priority for Lucy Switchgear in 2013. To this end it made substantial investments in global product and prototype testing capabilities during the year. The engineering function was also consolidated, bringing switchgear engineering exclusively into the engineering centre in Thame, with engineering for the automation business remaining in Banbury.

Dedication to developing the after-sales service provision has also supported business growth during the year.

2013

was a year of **strong growth for Lucy Switchgear**

New manufacturing unit in Thailand.

001 - Skills Academy training

002 - Aegis ring main unit

003 - New Thailand facility

Lucy Zodion

Leading the way in lighting

Lucy Zodion is an innovator in the specialist field of energy efficient street lighting control products designed to reduce the energy consumption and carbon footprints of its customers.

A leader in its niche market, Lucy Zodion designs and manufactures street lighting equipment including photocells, electronic ballasts and control equipment. Lucy Zodion facilitates bespoke, environmentally focused solutions to customers for whom cost and efficiency is paramount, with a focus on delivering the most durable, sustainable lighting solutions.

Steady performance

2013 was a year of steady progress for Lucy Zodion, delivering a consistent performance in a tough market. The impact of government spending cuts continues to be felt amongst the core customer base of local government authorities.

The business has benefited from last year's integration and continues to position itself for the future, with the combination of the Lucy Lighting and Zodion sales teams creating a stronger sales force ideally placed to respond to the changing market conditions and seize on growth opportunities as the outlook improves.

In 2013 Lucy Zodion's product line was further rationalised and it continued a programme of cost reduction to maintain a competitive edge aligning the business with the challenging market conditions.

Investment in energy efficient solutions

Lucy Zodion is committed to developing energy efficient products to enable its customers to reduce their energy consumption.

The development of a range of energy efficient LED drivers for use in street lighting continues to be a key priority for Lucy Zodion and capitalising on the growth opportunity that this emerging technology presents is a key element of its engineering strategy. 2014 will see the continued allocation of resources in design and engineering capability as Lucy Zodion moves towards developing a strong product offering in this area.

The Reebok stadium benefits from Bolton local authority's implementation of Lucy Zodion's Vizion central management system

Facilitating bespoke, environmentally focused solutions

001

002

003

001 - Westminster, retractable power pillar

002 - Lumo product being assembled

003 - Energy saving Vizion central management system on the M65 in Lancashire.

Lucy Castings

Over 200 years of expertise

The group can trace its roots to the early 1800s as an iron foundry in Jericho, Oxford. More than 200 years later, specialist metal castings remain a core component of its business portfolio. The combined businesses of Sandawana Castings and Truscanian Foundries provide specialist aluminium and iron castings, bringing together traditional craftsmanship with the latest technology to deliver bespoke solutions to our customers.

Strategic acquisition

2013 was a milestone year for the castings business with the strategic acquisition of Truscanian Ltd, an aluminium castings business based in Oldbury in the West Midlands, for £1 million.

Rebranded

Integrated under the Lucy Castings brand, Sandawana Castings and Truscanian have the experience and expertise to deliver specialist cast component solutions to a diversified and growing customer base including many high quality clients. To coincide with the development of the brand, a dedicated website www.lucycastings.com was launched during the year.

Looking ahead

During the year the land adjacent to the Truscanian Foundries site in Oldbury was acquired and plans are underway to re-develop the site, with the construction of a new 558 square metre fettling building and the refurbishment of the existing offices and staff facilities. This substantial programme of improvements will increase production capacity and provide a stronger platform for future growth. Work is anticipated to be completed in summer 2014.

Strategic acquisition of Truscanian Ltd

New website
www.lucycastings.com

Expansion in Truscanian manufacturing capacity planned in 2014.

Lucy Real Estate

Building value over the long-term

Three separate, well-established activities make up the Lucy Real Estate business. Lucy Properties, one of Oxford's largest private residential landlords, has built a strong reputation by providing quality residential accommodation. The dedicated property development division, Lucy Developments, specialises in the construction of quality energy efficient homes at carefully selected sites in Oxfordshire. Lucy Block Management provides bespoke services to resident's management companies.

Lucy *Real Estate*

Investing for long-term returns

Lucy Real Estate achieved a number of notable records during 2013 including a property portfolio valued in excess of £100 million for the first time.

Lucy Properties' rental income exceeded £6 million per annum and the business made substantial investments in refurbishment and upgrading its property portfolio. Lucy Properties is considered to be one of the leading providers of high quality residential property for renting in Oxford.

Laying the foundations for growth

The key driver of Lucy Properties and the wider Lucy Real Estate business is in building long-term value by investing in the portfolio through refurbishment and targeted property acquisitions. In March, Lucy Properties acquired 9 flats at Girdlestone Close in Oxford which were then fully re-furbished prior to letting.

The Oxfordshire residential development market is increasingly competitive with a dearth of quality development sites available. Despite this, in 2013 Lucy Developments made substantial investment in its land bank, with four new sites acquired and valued at over £3 million earmarked for future development. The construction of three high-quality townhouses at Upland Park Road in North Oxford was completed, with one sold and two contracted during the year for completion in the first quarter of 2014.

001 - Refurbished interior of 18 Walton Well Road

002 - Exterior view of 18 Walton Well Road with newly constructed staircase

003 - Upland Park Road development

Property portfolio exceeds £100 million

001

002

Rental income over £6 million.

003

Independent auditors' report to the shareholders of W. Lucy & Co. Ltd.

We have audited the financial statements of W. Lucy & Co. Ltd. for the year ended 31st December 2013 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses, the group and parent company reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 17 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2013, and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

Anthony Haines BSc, FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend
Chartered Accountants and Statutory Auditors
30 St Giles
Oxford
OX1 3LE

6th March 2014

Consolidated profit and loss account

For the year ended 31st December, 2013

	Note	2013 £000	2012 £000
Turnover: Group and share of joint venture		162,139	132,394
Less: share of joint venture turnover		(10,082)	(7,156)
Group Turnover	3	**152,057**	**125,238**
Cost of sales		(100,021)	(86,789)
Gross profit		**52,036**	**38,449**
Selling and distribution		(24,072)	(18,684)
Administration		(6,568)	(5,374)
Research and development		(3,889)	(3,946)
Other operating income		3,296	3,383
Group operating profit	4	**20,803**	**13,828**
Share of operating profit in joint venture		265	210
Operating profit		**21,068**	**14,038**
Profit / (loss) on fixed assets	5	124	(111)
Exceptional items	8	(6,389)	(6,434)
Profit on ordinary activities before interest		**14,803**	**7,493**
Investment income	9	527	183
Interest payable and similar charges	10	(476)	(826)
Profit on ordinary activities before taxation		**14,854**	**6,850**
Tax charge on profit on ordinary activities	11	(2,258)	(36)
Profit on ordinary activities after taxation		**12,596**	**6,814**
Dividends	33	(1,461)	(802)
Retained profit for the year		11,135	6,012
Earnings per share	12	2,560p	1,385p

All of the profit for the above two financial periods has arisen from continuing activities.

Consolidated statement of total recognised gains and losses

For the year ended 31st December, 2013

	2013	2012
	£000	£000
Profit for the year after tax	12,596	6,814
Revaluation of investment properties	2,620	3,682
Translation differences on foreign currency net investments	(329)	(399)
Actuarial loss net of taxation relating to the pension scheme	(394)	(592)
Total recognised gain since last report	**14,493**	**9,505**

Consolidated balance sheet

As at 31st December, 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed Assets					
Tangible assets	13		126,217		118,629
Intangible assets	14		2,474		2,672
Investment in joint venture					
Share of gross assets		3,292		3,066	
Share of gross liabilities		(1,551)		(1,247)	
	15		1,741		1,819
Other investments	15		1,069		948
			131,501		**124,068**
Current Assets					
Stocks	17	24,124		27,868	
Debtors	18	27,867		24,528	
Investments	19	22		92	
Cash at bank and in hand		13,387		10,397	
		65,400		**62,885**	
Creditors					
Amounts falling due within one year	20	(29,593)		(32,721)	
Net current assets			35,807		30,164
Total assets less current liabilities			**167,308**		**154,232**
Creditors					
Amounts falling due after more than one year	21		(17,297)		(21,504)
Provisions for liabilities and charges	23		(11,054)		(5,675)
Net assets before post-retirement liability			**138,957**		**127,053**
Post-retirement liability	24		(3,283)		(4,411)
Net assets			**135,674**		**122,642**
Capital and reserves					
Share capital	25		492		492
Capital reserves	26		161		69
Currency revaluation reserve	26		813		1,142
Revaluation reserve	26		66,081		63,461
General reserve	26		10,000		10,000
Profit and loss account	27		58,127		47,478
Shareholders' funds	28		**135,674**		**122,642**

Approved by the board of directors on 6th March 2014 and signed on its behalf.

C. R. Dick
Executive Chairman

G. D. Ashton
Group Finance Director

Company balance sheet

As at 31st December, 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed Assets					
Tangible assets	13		108,562		102,313
Investments	15		26,747		20,222
			135,309		**122,535**
Current Assets					
Debtors	18	7,151		4,766	
Investments	19	22		92	
		7,173		**4,858**	
Creditors					
Amounts falling due within one year	20	(7,713)		(4,109)	
Net current (liabilities)/assets			(540)		749
Total assets less current liabilities			**134,769**		**123,284**
Creditors					
Amounts falling due after more than one year	21		(15,686)		(20,181)
Provisions for liabilities and charges	23		(7,766)		(2,592)
Net assets before post-retirement liability			**111,317**		**100,511**
Post-retirement liability	24		(3,283)		(4,411)
Net assets			**108,034**		**96,100**
Capital and reserves					
Share capital	25		492		492
Capital reserve	26		31		31
Currency revaluation reserve	26		1,101		(76)
Revaluation reserve	26		64,886		62,300
General reserve	26		10,000		10,000
Profit and loss account	27		31,524		23,353
Shareholders' funds	28		**108,034**		**96,100**

Approved by the board of directors on 6th March 2014 and signed on its behalf.

C. R. Dick
Executive Chairman

G. D. Ashton
Group Finance Director

Consolidated cash flow

For the year ended 31st December, 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	30	20,245	7,090
Returns on investment and servicing of finance	31	39	(647)
Taxation		(1,502)	(197)
Capital expenditure and financial investment	31	(9,085)	(8,224)
Purchase of subsidiary undertaking		(1,000)	-
Cash inflow / (outflow)		**8,697**	**(1,978)**
Equity dividends paid	33	(1,461)	(802)
Cash inflow / (outflow) before use of liquid resources and financing		**7,236**	**(2,780)**
Financing activities			
Loans		(4,246)	5,679
Net increase in cash for the period		**2,990**	**2,899**

Madeline Laxton and Chris Levick at
a recent board meeting

Principal accounting policies

Basis of preparation

The accounts are presented in £ sterling and rounded in thousands.

They are prepared on a going concern basis as referred to in the Corporate Governance Statement on page 17. The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards adjusted to include the valuation of the group's investment properties.

Details of changes to accounting policies made during the year are given in note 1 to the accounts.

Basis of consolidation

The company is domiciled in England. All subsidiary accounts are made up to 31st December and are included in the consolidated accounts. The joint venture has a year end of 31st March and the accounts for the year to 31st December are included in the consolidated accounts. The group accounts for the year comprise the consolidated accounts of the company and its subsidiaries and are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Goodwill and other intangibles

Goodwill arising on acquisition prior to 31st December 1998 has been written off to consolidated reserves. The cumulative amount of positive goodwill written off is £630,200. On disposal of a business, the gain or loss on disposal includes the goodwill previously written off on acquisition. Following the introduction of FRS 10 the group chose not to restate goodwill that had been eliminated against reserves. Goodwill arising on acquisitions after 1st January 1999 has been capitalised and, under UK GAAP, is amortised on a straight line basis over its estimated useful life, with a maximum of 20 years.

Other intangible assets are stated at cost less accumulated amortisation. The costs of acquired intangible assets are their purchase cost together with any incidental costs of acquisition. Amortisation is calculated to write off the cost of the asset on a straight line basis at the following annual rate:

Licences 10%

Amortisation is disclosed in other operating expenses in the profit and loss account. The residual value, if significant, is reassessed annually.

Impairment

The carrying amount of the group's goodwill is reviewed annually to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Investments in subsidiary undertakings

Investments in subsidiary undertakings including long term loans are included in the balance sheet of the company at the lower of cost and the expected recoverable amount. Any impairment is recognised in the profit and loss account.

Investments in joint ventures

Investments in entities other than subsidiary undertakings in which the group shares joint control of the entity are treated as joint ventures.

Translation of foreign currency

Overseas companies' profits, losses and cash flows are translated at average exchange rates for the year, and assets and liabilities at rates ruling at the balance sheet date. Exchange differences arising on foreign currency net investments are taken to reserves. Exchange differences arising in the normal course of trading are taken to the profit and loss account.

Financial instruments

Gains and losses on hedging instruments are not recognised in the profit and loss account until the exchange movement on the item being hedged is recognised.

Hedge of net investment in overseas companies

The portion of the gain or loss on an instrument used to hedge a net investment in an overseas company that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the profit and loss account.

Turnover

Turnover represents the sale of goods and services and is stated net of sales taxes.

Operating expense classification

Cost of sales comprises material, labour, manufacturing and service expenses, sub-contracted services, installation, commissioning, warranty and rectification costs.

Selling and distribution expenses include logistics, information systems, contract engineering, selling and marketing expenses.

Research and development expenditure comprises all product design and development costs.

Administration expenses comprise finance, legal and human resources expenses together with the costs of each business General Manager and the board.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Pensions

In the United Kingdom the group operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined on or before 10th April 2002. The scheme is administered by trustees and the funds are independent of the group's finances. The pension cost of the defined benefit scheme is charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. A stakeholder scheme managed by AEGON Scottish Equitable is available for eligible UK employees. The pension cost of this scheme is charged as incurred.

Employee benefits are provided elsewhere in the group through defined benefit schemes in accordance with local labour laws. In the U.A.E. and Saudi Arabia unfunded end of service plans are made available for eligible employees and in India contributions are made to a fund administered and managed by the Life Insurance Company of India.

Distinction between investment and trading properties

The group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property. Where the intention is to either develop or trade the property it is classified as a trading property.

Principal accounting policies

Investment properties

Investment properties are valued annually and are included in the financial statements at open market value on an existing use basis. The directors arrive at this valuation after taking appropriate professional advice as to the relevant bases. The aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties. Freehold land is valued annually and included in the financial statements at open market value. Prior to completion investment properties under construction are included in the financial statements at cost.

In complying with SSAP 19 "Accounting for Investment Properties" the company has departed from the requirements of the Companies Act 2006 for all properties with finite lives to be depreciated. This departure, which is generally accepted practice for companies owning investment properties, is necessary in the opinion of the directors for these financial statements to show a true and fair view in accordance with the applicable accounting standards. The effect of depreciation is one of the factors reflected in the valuation of the investment properties, but the amount so attributable cannot be separately identified or quantified.

Finance costs

Interest costs that are directly attributable to the development of investment properties are capitalised as part of the cost of those assets.

Depreciation

No depreciation is charged on freehold land and investment properties. Other fixed assets are depreciated on a straight-line basis to residual value at the following annual rates:

Freehold buildings	2%
Leasehold premises	Term of lease, not exceeding 50 years
Plant and equipment	6.7 - 25%
Fixtures and fittings	10 - 33%
Computer equipment	25%
Computer software costs	33%
Motor vehicles	25%

Investments

Investments are stated at cost subject to review for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress, including long term contracts, and goods for resale include attributable overheads. Net realisable value is the estimated selling price reduced by all costs of completion, marketing and distribution.

Residential trading properties are carried in the balance sheet at the lower of cost and net realisable value. In assessing net realisable value the group uses valuations carried out by its own in-house surveying team.

Net debt

Net debt comprises cash and liquid resources less borrowings. Cash comprises cash in hand and held with qualifying financial institutions in current accounts or overnight deposits net of overdrafts with qualifying financial institutions. Liquid resources include term deposits with qualifying financial institutions and are classified as investments under current assets. Borrowings represent term loans, revolving multicurrency loan facilities and finance leases from qualifying financial institutions classed as liabilities.

Tax

Corporation tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilised.

Leases

The group has no material assets held under finance leases. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the course of the lease period.

Notes to the accounts

1. Accounting policies and presentation

There are no significant changes in accounting policies and financial reporting standards in this year's accounts.

2. Profit for the financial year

The company has not presented its profit and loss account as permitted by Section 408 of the Companies Act 2006. The group profit for the year after taxation includes a profit of £12.2m (2012: £3.6m) which is dealt with in the financial statements of the company. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with its subsidiaries.

3. Analysis of turnover and profit between activities and markets

The total turnover of the group was £152.1m (2012: £125.2m) of which £8.7m (2012: £9.8m) related to UK exports. In the opinion of the directors it would be prejudicial to the interests of the group to disclose a detailed analysis of turnover or profit.

4. Operating profit

	2013	2012
a) Operating profit is stated after charging :	£000	£000
Depreciation of tangible fixed assets	4,058	2,980
Amortisation of goodwill	348	336
Operating lease rentals		
• Plant & machinery	499	432
• Land & buildings	982	591
Research and development	3,889	3,946
Directors' remuneration (see note 7)	917	792
Auditors' remuneration (see note 4c)	103	96
Hire of plant	7	4
Gain on translation of foreign currency	(350)	(838)
b) Operating profit is stated after crediting:		
Rental income	6,159	5,800
Less related expenses	(3,235)	(2,821)
	2,924	**2,979**

4. Operating profit (continued)

	2013	2012
c) Auditors' remuneration		
Audit of these financial statements	18	22
Amounts received by auditors and subsidiary auditors in respect of:		
Audit of financial statements of subsidiaries	71	63
Other services	14	11
	103	**96**
Fees in respect of and borne by the W. Lucy Pension Scheme	4	4

5. Profit / (loss) on fixed assets

	£000	£000
Profit on disposal of tangible assets	16	20
Profit / (loss) on disposal of investments	108	(131)
	124	**(111)**

6. Staff costs

(including directors' remuneration)

	£000	£000
Wages and salaries	23,101	20,030
Social security costs	1,507	1,480
Pension costs	1,300	1,161
	25,908	**22,671**

The average number of employees during the year was 1,090 (2012: 872) of which 86 were administrative (2012: 75).

Notes to the accounts

7. Emoluments of directors

	2013 £000	2012 £000
Emoluments, excluding pension contributions, of directors of the company	917	792
Emoluments of highest paid director	354	304
Pension contribution	39	38
	393	**342**

The group does not operate share option or other long term incentive schemes for the directors.

Three directors are members of the defined benefit section of the W. Lucy Pension Scheme; the group also made contributions of £9,557 (2012: £6,891) to a supplementary defined contribution scheme on behalf of one of these directors.

At the year end the highest paid director had accrued pension benefits within the defined benefit section of the W. Lucy Pension Scheme which, excluding the value of benefits arising from additional voluntary contributions, would entitle him to a pension of £146,295 p.a. at normal pension age (2012: £140,653).

8. Exceptional items

	£000	£000
Start-up costs	1,592	338
Restructuring and reorganisation costs	4,797	6,049
Redundancy	-	47
	6,389	**6,434**

9. Investment income

	£000	£000
Pension finance income	416	137
Income from investments	22	25
Other interest receivable	77	8
Other income	12	13
	527	**183**

10. Interest payable and similar charges

	£000	£000
Bank interest	475	595
Exchange loss on overseas assets	1	231
	476	**826**

11. Tax on profit on ordinary activities

	2013	2012
	£000	£000
UK Corporation tax at 23.25% (2012: 24.5%)	1,660	520
Foreign tax witheld	146	73
Group current tax	1,806	593
Share of joint venture tax	86	65
Foreign tax	174	-
Total current tax	**2,066**	**658**
Deferred tax:		
Capital allowances	243	(636)
Other timing differences and allowances	(93)	52
Effect of decreased tax rate on opening liability	42	(38)
Total deferred taxation	**192**	**(622)**
Total tax on profit on ordinary activities	**2,258**	**36**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013	2012
Profit on ordinary activities before tax	14,854	6,915
Less: share of joint venture tax	(86)	(65)
Group profit on ordinary activities before tax	**14,768**	**6,850**
Tax charge at average UK corporation tax rate of 23.25% (2012: 24.5%)	3,434	1,678
Adjustments in respect of prior years	145	-
Effect of change in non-allowable general provisions	(21)	(252)
Net effect of differing UK tax rates	(1)	42
Net effect of differing overseas tax rates	(3,986)	(2,089)
Other non-allowable expenses	2,041	1,578
Depreciation in excess of / (below) capital allowances	127	(146)
Utilisation of tax losses	-	(100)
Utilisation of group relief	-	(52)
Other	67	(66)
Group current tax charge for the period	**1,806**	**593**
Total deferred taxation		
Included in debtors (note 18)	454	409
Included in provisions for liabilities (note 23)	(100)	(13)
	354	**396**

Notes to the accounts

12. Earnings per share

	2013	2012
	£000	£000
Profit on ordinary activities after taxation	12,596	6,814
Weighted average number of shares (000s)	492	492
Earnings per share	2,560p	1,385p

13. Tangible fixed assets

Group

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
Cost or valuation	£000	£000	£000	£000	£000
At 1st January, 2013	109,824	19,657	13,064	1,187	143,732
Transfers	-	(405)	405	-	-
Currency valuation adjustment	(322)	(499)	(99)	(4)	(924)
Restated opening balance	109,502	18,753	13,370	1,183	142,808
Additions	5,525	2,000	1,248	298	9,071
Acquisition of subsidary undertaking	650	42	-	-	692
Disposals	-	-	(38)	(119)	(157)
Revaluation	2,620	-	-	-	2,620
At 31st December, 2013	**118,297**	**20,795**	**14,580**	**1,362**	**155,034**
Depreciation					
At 1st January, 2013	3,881	11,499	8,986	737	25,103
Currency valuation adjustment	(50)	(124)	(60)	(3)	(237)
Restated opening balance	3,831	11,375	8,926	734	24,866
Charge for year	790	1,665	1,385	218	4,058
Disposals	-	-	(15)	(92)	(107)
At 31st December, 2013	**4,621**	**13,040**	**10,296**	**860**	**28,817**
Net book value					
At 31st December, 2013	**113,676**	**7,755**	**4,284**	**502**	**126,217**
At 31st December, 2012	105,943	8,158	4,078	450	**118,629**

The net book value of land and buildings at 31st December 2013 comprises land of £1,623k and buildings of £112,053k.

13. Tangible fixed assets (continued)

Company

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
Cost or valuation	£000	£000	£000	£000	£000
At 1st January, 2013	102,627	-	6,649	121	109,397
Additions	3,902	-	549	50	4,501
Disposals	-	-	-	(33)	(33)
Revaluation	2,586	-	-	-	2,586
At 31st December, 2013	**109,115**	**-**	**7,198**	**138**	**116,451**
Depreciation					
At 1st January, 2013	1,999	-	5,007	78	7,084
Charge for year	103	-	697	28	828
Disposals	-	-	-	(23)	(23)
At 31st December, 2013	**2,102**	**-**	**5,704**	**83**	**7,889**
Net book value					
At 31st December, 2013	**107,013**	**-**	**1,494**	**55**	**108,562**
At 31st December, 2012	100,628	-	1,642	43	**102,313**

The net book value of land at 31st December 2013 was £792k and buildings £106,221k.

Group and company freehold land and buildings include investment properties valued by the Directors, after taking professional advice, at £102.4m for the group (2012: £95.8m) and £102.0m for the company (2012: £95.6m). Also included is development land and buildings for the group and company valued at £0.3m (2012: £0.3m). These assets are not subject to a charge for depreciation.

Revalued freehold land and buildings at historic cost

	Group	**Company**
	£000	£000
Cost	36,621	37,380
Accumulated depreciation	-	-
Net book value at 31st December, 2013	36,621	37,380
Net book value at 31st December, 2012	32,719	33,477

Notes to the accounts

14. Intangible fixed assets

Group

	Licences	Goodwill	**Total**
Cost or valuation	£000	£000	£000
At 1st January, 2013	180	3,137	3,317
Additions	-	150	150
Disposals	-	-	-
At 31st December, 2013	**180**	**3,287**	**3,467**
Amortisation			
At 1st January, 2013	43	602	645
Charge for year	23	325	348
Disposals	-	-	-
At 31st December, 2013	**66**	**927**	**993**
Net book value			
At 31st December, 2013	**114**	**2,360**	**2,474**
At 31st December, 2012	137	2,535	2,672

15. Fixed asset investments

Group	Quoted equity investments	Unquoted equity investments	Joint venture	Total
	£000	£000	£000	£000
At 1st January, 2013	880	68	1,819	2,767
Currency valuation adjustment	-	-	(257)	(257)
Restated opening balance	880	68	1,562	2,510
Profits retained for the year	-	-	179	179
Additions	429	-	-	429
Disposals	(240)	-	-	(240)
Provision for diminution in value	-	(68)	-	(68)
At 31st December, 2013	**1,069**	**-**	**1,741**	**2,810**

Company	Quoted equity investments	Unquoted equity investments	Joint venture	Group undertakings	Loans to group undertakings	Total
	£000	£000	£000	£000	£000	£000
At 1st January, 2013	880	68	121	8,119	11,034	20,222
Currency valuation adjustment	-	-	-	-	(258)	(258)
Restated opening balance	880	68	121	8,119	10,776	19,964
Additions	429	-	-	4,517	8,284	13,230
Disposals	(240)	-	-	-	-	(240)
Repayments / loan waivers	-	-	-	-	(7,043)	(7,043)
Write back of investments	-	-	-	2,101	-	2,101
Reserve for loss on investments	-	-	-	(1,197)	-	(1,197)
Provision for diminution in value	-	(68)	-	-	-	(68)
At 31st December, 2013	**1,069**	**-**	**121**	**13,540**	**12,017**	**26,747**

The market value of the quoted equity investments at 31st December 2013 was £1.3m (2012: £1.1m).

Notes to the accounts

15. Fixed asset investments (continued)

The analysis of fixed asset investments in joint ventures, group undertakings, and unquoted equity investments is shown below:

Joint venture	2013 Group	2013 Company	2012 Group	2012 Company
	£000	£000	£000	£000
CG Lucy Switchgear Limited	1,741	121	1,819	121

Group undertakings	2013	2012
	£000	£000
Lucy Switchgear Limited	5,326	3,224
Lucy Electric India (Private) Limited	2,922	3,213
Lucy Switchgear FZE	534	534
Lucy Switchgear (EMS) Limited	388	388
Lucy Electric Beijing Company Limited	188	360
Lucy Switchgear Arabia Limited	210	210
Lucy Block Management Limited	200	200
Lucy Middle East FZE	174	174
Lucy Asia Pacific SDN BHD	115	-
Power Connectors Limited	15	15
Sandawana Castings Limited	10	10
Lucy Developments Limited	1	1
Lucy Electric South Africa (Pty) Limited	-	-
Lucy Zodion Limited	1,250	-
Lucy Switchgear Eastern Seaboard Limited	1,307	-
Truscanian Limited	1,110	-
	13,750	**8,329**

Lucy Switchgear (EMS) Limited own 90% and Lucy Switchgear FZE 10% of the share capital of Lucy Switchgear Arabia Limited.

Unquoted equity Investments

The company holds a 30% shareholding in the Saudi Lucy Company Limited, a company registered in Saudi Arabia.

16. Acquisition of Subsidiary Undertakings

On 20th March 2013, the company acquired the entire issued share capital of Truscanian Limited and its subsidiaries Truscanian Foundries Limited and Hall Estates (Birmingham) Limited.

	2013 Group £000
Tangible fixed assets	693
Stock	104
Receivables	434
Cash at bank and in hand	3
Creditors due within one year	(384)
	850
Total consideration	1,000
Goodwill arising on acquisition	150

17. Stocks

	2013		2012	
	Group	Company	Group	Company
	£000	£000	£000	£000
Raw materials and components	6,791	-	11,658	-
Work in progress	1,760	-	2,097	-
Long-term contract balances:				
Net cost less foreseeable losses and payments on account	-	-	294	-
Finished goods	11,033	-	12,791	-
Development land and buildings:				
Development in progress	3,367	-	1,028	-
Finished properties for sale	1,173	-	-	-
	24,124	**-**	**27,868**	**-**

Notes to the accounts

18. Debtors

	2013 Group £000	2013 Company £000	2012 Group £000	2012 Company £000
Trade debtors	19,284	9	18,118	8
Amounts owed by group undertakings	-	2,171	-	1,339
Rent debtors	80	52	98	73
Amounts recoverable on long term contracts	817	-	245	-
Corporation tax receivable	148	-	144	-
Prepayments and accrued income	4,744	2,626	3,147	989
Other debtors	49	2	21	11
Amounts falling due within one year	25,122	4,860	21,773	2,420
Amounts falling due after one year				
Deferred tax asset	454	-	409	-
Other debtors	2,291	2,291	2,346	2,346
Amounts falling due after one year	2,745	2,291	2,755	2,346
	27,867	**7,151**	**24,528**	**4,766**

19. Investments - current assets

	2013 Group £000	2013 Company £000	2012 Group £000	2012 Company £000
Bank deposits	22	22	92	92

20. Creditors - amounts falling due within one year

	Group £000	Company £000	Group £000	Company £000
Bank overdrafts	-	3,692	-	1,151
Trade creditors	10,096	125	13,633	72
Amounts owed to group undertakings	-	433	-	245
Corporation tax payable	1,100	364	382	55
Social security and other taxes	460	118	362	81
Accruals and deferred income	14,262	1,705	14,889	1,401
Loans repayable within one year	556	556	556	556
Other creditors	3,119	720	2,899	548
	29,593	**7,713**	**32,721**	**4,109**

21. Creditors - amounts falling due after more than one year

	2013 Group £000	2013 Company £000	2012 Group £000	2012 Company £000
Loans repayable after more than one year	15,686	15,686	20,181	20,181
Other creditors	1,611	-	1,323	-
	17,297	**15,686**	**21,504**	**20,181**

Other creditors represents a statutory gratuity payable to U.A.E. and Saudi Arabia based employees on leaving the company.

22. Loans

The group's committed loan facilities at the year end were £27.4m, and these were utilised as follows:

Facilities	Repayable	2013 £000
Revolving facilities		
Secured £18m revolving multi-currency loan at 1.65% above LIBOR	6th March 2017	8,326
Secured £8m revolving multi-currency loan at 1.61% above LIBOR	23rd May 2018	6,500
Term Facilities		
Unsecured £5m multi-currency loan at 1.00% above LIBOR / Base rate	6th June 2006 to 6th Aug 2016	1,354
Exchange loss on foreign currency borrowings		62
		16,242

Security

The two revolving loan facilities are secured against specific freehold properties to a value of £35.4m

Loan drawdown and interest

The amount of loan drawdown at 31st December 2013 was £16.2m. This comprises sterling loans of £7.8m at variable rates of interest and US dollar loans of $13.9m (sterling equivalent £8.4m) at variable rates of interest.

Loans repayable

	2013 Group £000	2013 Company £000	2012 Group £000	2012 Company £000
In more than one but no more than two years	556	556	4,556	4,556
In more than two but no more than five years	15,130	15,130	15,625	15,625
More than five years	-	-	-	-
	15,686	**15,686**	**20,181**	**20,181**

Notes to the accounts

23. Provision for liabilities and charges

Group	Deferred tax	Restructuring costs	Start-up and acquisition costs	Warranty provision	Other	Total
	£000	£000	£000	£000		£000
At 1st January, 2013	13	2,995	-	2,608	59	5,675
Provided in year	87	4,679	1,155	430	141	6,492
Released in year	-	-	-	(132)	-	(132)
Charge in year	-	(747)	-	(200)	(34)	(981)
At 31st December, 2013	**100**	**6,927**	**1,155**	**2,706**	**166**	**11,054**

Company	Deferred tax	Restructuring Costs	Start-up and acquisition Costs	Warranty Provision	Other	Total
	£000	£000	£000	£000	£000	£000
At 1st January, 2013	13	2,453	-	67	59	2,592
Provided in year	87	4,203	1,155	-	141	5,586
Released in year	-	-	-	-	-	-
Charge in year	-	(378)	-	-	(34)	(412)
At 31st December, 2013	**100**	**6,278**	**1,155**	**67**	**166**	**7,766**

Analysis of deferred taxation	2013		2012	
	Group	Company	Group	Company
	£000	£000	£000	£000
Capital gain on Walton Meadow	634	634	581	581
Capital allowances	(597)	(597)	(671)	(671)
Other timing differences and allowances	63	63	103	103
	100	**100**	**13**	**13**

24. Pensions

The Company operates a defined benefit pension scheme called the W.Lucy Pension Scheme. In addition the Company operates unfunded unapproved retirement benefit arrangements for certain employees. The details below relate to the costs and liabilities of the W.Lucy Pension Scheme and the unfunded unapproved retirement benefit arrangements in aggregate, and to the assets of the W.Lucy Pension Scheme; together these arrangements are referred to as the "Scheme" for the purposes of this note. The value of the liabilities as at 31st December 2013 in respect of the unfunded unapproved retirement benefit arrangements was approximately £400,000 (2012: £210,000).

In line with the Schedule of Contributions agreed as part of the 6th April 2011 actuarial valuation, the Company expects to contribute £807,000 to the Scheme during the year to 31st December 2014.

The principal assumptions used to calculate Scheme liabilities include:	2013	2012
Assumptions		
Discount rate	4.6%	4.6%
Inflation assumption (RPI)	3.0%	2.6%
Inflation assumption (CPI)	2.2%	2.1%
Pension increases (RPI max 5%)	3.0%	2.6%
Pension increases (RPI max 2.5%)	2.5%	2.5%
Pension increases (CPI max 3%)	2.2%	2.1%
Revaluation in deferment	3.0%	2.6%
Salary increases	3.5%	3.1%
Post retirement mortality assumption	100% S1PXA CMI 2010 (0.75%)	100% S1PXA CMI 2010 (0.75%)
Tax-free cash	Members are assumed to take 15% of their pension as tax free cash	Members are assumed to take 15% of their pension as tax free cash
Under the adopted mortality tables, the future life expectancy at age 65 is as follows:		
Life expectancy at age 65	Years	Years
Male currently aged 45	22.9	22.8
Female currently aged 45	25.2	25.1
Male currently aged 65	21.9	21.8
Female currently aged 65	24.0	23.9
Long-term expected rate of return on the Scheme's assets net of expenses:		
Equities	7.3%	7.3%
Property	6.8%	6.8%
Absolute return / target return funds	6.8%	6.8%
Corporate bonds	4.4%	4.1%
Gilts	3.6%	2.7%
Cash and net current assets	3.5%	3.5%
Overall expected return	6.4%	6.2%

Notes to the accounts

24. Pensions (continued)

	2013
Assets	
The major categories of assets as a percentage of total assets are as follows:	
Equities	58%
Bonds	19%
Gilts	4%
Absolute / target return	15%
Property	1%
Cash	3%
Total	100%

The actual return on the Scheme's assets over the period to the review date was £4,636k.

The assets do not include any investment in shares of the Company.

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Scheme's holdings of these instruments.

	2013	2012
Amounts recognised in the balance sheet at 31st December	£000	£000
Fair value of assets	45,287	40,303
Present value of funded and unfunded obligations	(49,391)	(45,887)
Deficit	(4,104)	(5,584)
Deferred taxation	821	1,173
Balance sheet liability	**(3,283)**	**(4,411)**

The fair value of assets shown above includes a £1million special company contribution paid in December 2013.
The asset figures have not been audited and therefore should be regarded as estimates.

Amounts recognised in the statement of total recognised gains and losses over the year	£000	£000
Actuarial losses	(42)	(35)
Effect of limit on recognisable surplus	-	-
Total amount recognised in STRGL	(42)	(35)

24. Pensions (continued)

Amounts recognised in the profit & loss account over the year	2013 £000	2012 £000
Current service cost	664	581
Interest cost	2,094	2,096
Expected return on assets	(2,510)	(2,233)
(Gains) / losses on settlements or curtailments	-	-
Past service cost	-	-
Expense recognised in profit or loss	248	444

Reconciliation of assets and defined benefit obligation

The change in the assets over the period was:	£000	£000
Fair value of assets at the beginning of the period	40,303	36,530
Expected return on assets	2,510	2,233
Company contributions	1,770	1,549
Contributions by Scheme participants	137	139
Benefits paid	(1,559)	(1,551)
Change due to settlements or curtailments	-	-
Actuarial gain / (loss) on assets	2,126	1,403
Fair value of assets at the end of the period	45,287	40,303

The change in the defined benefit obligation over the period was	£000	£000
Defined benefit obligation at the beginning of the period	45,887	43,184
Current service cost	664	581
Contributions by Scheme participants	137	139
Interest cost	2,094	2,096
Past service cost	-	-
Benefits and expenses paid	(1,559)	(1,551)
Change due to settlements or curtailments	-	-
Actuarial loss on defined benefit obligation	2,168	1,438
Defined benefit obligation at the end of the period	49,391	45,887

Notes to the accounts

24. Pensions (continued)

Summary of prior year amounts	2013	2012	2011	2010	2009
Present value of defined benefit obligation	(49,391)	(45,887)	(43,184)	(41,557)	(38,662)
Scheme assets	45,287	40,303	36,530	37,568	33,506
Deficit	(4,104)	(5,584)	(6,654)	(3,989)	(5,156)
Experience gains / (losses) on Scheme liabilities*	53	5	1,495	4	5
Changes in assumptions used to value liabilities	(2,221)	(1,443)	(1,885)	(1,679)	(5,503)
Experience adjustments on Scheme assets	2,126	1,403	(2,923)	1,863	2,878

*Does not include allowance for changes in assumptions.

The group also operates two defined contribution schemes in the UK, a defined benefit scheme in India and unfunded schemes in the U.A.E. and Saudi Arabia and the cost of running these during the year was £272k (2012: £362k).

Total employer contributions to these schemes during the year were £2,042k (2012: £1,911k). Estimated contributions for 2014 are £1,079k.

25. Share capital

	2013	2012
Authorised :	£000	£000
495,000 ordinary shares of £1 each	495	495
Allotted, called up and fully paid :		
491,885 ordinary shares of £1 each	492	492

26. Movements of reserves

Group	Capital reserve £000	Currency reserve £000	Revaluation reserve £000	General reserve £000
At 1st January, 2013	69	1,142	63,461	10,000
Currency translation	-	(329)	-	-
Acquisition	92	-	-	-
Property revaluation	-	-	2,620	-
At 31st December, 2013	**161**	**813**	**66,081**	**10,000**

Company	Capital reserve £000	Currency reserve £000	Revaluation reserve £000	General reserve £000
At 1st January, 2013	31	(76)	62,300	10,000
Currency translation	-	1,177	-	-
Property revaluation	-	-	2,586	-
At 31st December, 2013	**31**	**1,101**	**64,886**	**10,000**

27. Statement of retained profits

	2013		2012	
	Group £000	**Company** £000	**Group** £000	**Company** £000
At 1st January, 2013	47,478	23,353	42,058	20,626
Retained profit on acquisition	(92)	-	-	-
Reclassification of associated investment	-	-	-	529
Retained profit for the year	11,135	8,565	6,012	2,790
Actuarial loss on post retirement liability	(394)	(394)	(592)	(592)
At 31st December, 2013	**58,127**	**31,524**	**47,478**	**23,353**

28. Shareholders' funds

	Group £000	**Company** £000	**Group** £000	**Company** £000
Equity interests	**135,674**	**108,034**	**122,642**	**96,100**

Notes to the accounts

29. Reconciliation of movements in shareholders' funds

	2013 Group £000	2013 Company £000	2012 Group £000	2012 Company £000
Reclassification of associate investment	-	-	-	529
Profit for the year after tax	12,596	10,026	6,814	3,592
Retained profit on acquisition	(92)	-	-	-
Unrealised surplus on revaluation of investment properties	2,620	2,586	3,682	3,682
Movement in capital reserve	92	-	-	-
Movement in currency revaluation reserve	(329)	1,177	(399)	1,082
Equity dividends paid	(1,461)	(1,461)	(802)	(802)
Actuarial loss on post retirement liability	(394)	(394)	(592)	(592)
Net additions to shareholders' funds	13,032	11,934	8,703	7,491
At 1st January	122,642	96,100	113,939	88,609
At 31st December	**135,674**	**108,034**	**122,642**	**96,100**

30. Reconciliation of operating profit to net cash flow from operating activities

	2013 £000	2012 £000
Net operating profit	20,803	13,828
Depreciation and amortisation	4,406	3,317
Exceptional items	(6,389)	(6,434)
Other income / (expenditure)	11	(218)
Currency revaluation	(264)	(79)
Decrease / (increase) in stocks	3,848	(3,642)
Increase in debtors	(2,786)	(979)
(Decrease) / increase in creditors	(3,942)	621
Increase in provisions	5,558	1,426
Net cash inflow from operating activities before contribution to the pension fund	21,245	7,840
Special company contribution to the pension fund	(1,000)	(750)
Net cash inflow from operating activities	**20,245**	**7,090**

31. Gross cash flows

	2013	2012
Returns on investment and servicing of finance	£000	£000
Interest received	493	145
Dividends received	22	24
Interest paid	(475)	(585)
Exchange loss on overseas assets	(1)	(231)
Net cash inflow / (outflow) from returns on investments and servicing of finance	**39**	**(647)**
Capital expenditure and financial investment	£000	£000
Sale of fixed assets	66	41
Sale of investments	349	91
Purchase of fixed assets	(9,071)	(8,242)
Purchase of investments	(429)	(114)
Net cash outflow from capital expenditure and investments	**(9,085)**	**(8,224)**

32. Reconciliation of net cash flow to movements in net (debt) / cash

	£000	£000
Increase in cash for the period	2,990	
Cash outflow from decrease in debt	4,245	
Other changes	180	
Change in net debt		7,415
Net debt at 1st January, 2013		(10,248)
Net debt at 31st December, 2013		**(2,833)**

33. Dividends

Amounts recognised as distributions to shareholders in the year:	£000	£000
Final dividend for the year to 31st December 2012: 95p (2011: 90p) per share	467	443
Interim dividend for the year to 31st December 2013: 77p (2012: 73p) per share	379	359
Special dividend for the year to 31st December 2013: 125p (2012: Nil) per share	615	-
	1,461	802
Proposed final dividend for the year to 31st December 2013: 100p (2012: 95p) per share	492	467

Notes to the accounts

34. Analysis of changes in net debt

	1st Jan 2013 £000	Cash flows £000	Exchange Loss £000	Other changes £000	31st Dec 2013 £000
Cash at bank and in hand	10,397	2,990	-	-	13,387
Liquid resources	92	-	-	(70)	22
Loans repayable within one year	(556)	530	-	(530)	(556)
Loans repayable after more than one year	(20,181)	3,715	250	530	(15,686)
	(10,248)	**7,235**	**250**	**(70)**	**(2,833)**

35. Commitments

Capital

At 31st December, 2013 the group had authorised the following future capital expenditure:

	2013 Group £000	2012 Group £000
Contracted	2,307	256
Not contracted	121	-

Operating leases

Operating lease rentals which relate to land and buildings, plant and machinery and motor vehicles were expensed as the payments became due. The annual commitments under non-cancellable operating leases are:

	2013		2012	
Land and buildings	**Group** £000	**Company** £000	**Group** £000	**Company** £000
Payable within one year	615	-	172	-
Payable between two and five years	259	-	516	-
Payable after five years	240	-	240	-
	1,114	**-**	**928**	**-**
Plant and Machinery	**Group** £000	**Company** £000	**Group** £000	**Company** £000
Payable within one year	5	-	9	-
Payable between two and five years	35	-	18	-
Payable after five years	8	-	-	-
	48	**-**	**27**	**-**
Motor Vehicles	**Group** £000	**Company** £000	**Group** £000	**Company** £000
Payable within one year	257	-	148	-
Payable between two and five years	337	-	251	-
	594	**-**	**399**	**-**

36. Contingent liabilities and financial commitments

The group has given its bankers guarantees amounting to the equivalent of £5.9m (2012: £13.9m) in respect of performance and tender bonds and counter indemnities. The company has outstanding commitments under forward foreign exchange contracts amounting to the equivalent of £55.5m (2012: £31.1m) and commodity contracts amounting to the equivalent of £2.1m (2012: £1.8m).

There is an ongoing dispute between W. Lucy & Co. Ltd. and Sheikh Yacoub Al Rasheed, the controlling owner of the Saudi Lucy Company Limited. Proceedings were served on W. Lucy & Co. Ltd. in June 2013 by Sheikh Yacoub Al Rasheed for SAR130m (£20.9m). A robust defence to the claim has been made and the company expects to defend it successfully in the coming months.

37. Principal group undertakings

Company	Country of incorporation	Activity	Interest in ordinary shares and voting rights %
Lucy Switchgear Limited	England	Manufacture and sale of switchgear and lighting products	100
Lucy Zodion Limited	England	Manufacture and sale of lighting products	100
Lucy Switchgear (EMS) Limited	England	Engineering and management services	100
Sandawana Castings Limited	England	Manufacture and sale of iron castings	100
Lucy Developments Limited	England	Property development	100
Lucy Block Management Limited	England	Property management	100
Truscanian Limited	England	Manufacture and sale of aluminium	100
Lucy Electric Beijing Company Ltd.	China	Marketing and sale of switchgear	100
CG Lucy Switchgear Limited	India	Manufacture and sale of switchgear	50
Lucy Electric India (Private) Limited	India	Manufacture and sale of switchgear and lighting products	100
Lucy Asia Pacific SDN BHD	Malaysia	Marketing and sale of switchgear	100
Lucy Switchgear Arabia Limited	Saudi Arabia	Manufacture and sale of switchgear	100
Lucy Electric South Africa Pty Limited	South Africa	Marketing and sale of switchgear	100
Lucy Switchgear Eastern Seaboard Ltd.	Thailand	Manufacture and sale of switchgear	100
Lucy Switchgear FZE	U.A.E.	Manufacture of switchgear	100
Lucy Middle East FZE	U.A.E.	Marketing and sale of switchgear	100

38. Related parties

The group entered into transactions with CG Lucy Switchgear Limited, a joint venture in which the company owns a 50% share, during the year. Revenue was £816k, purchases £813k, debtors outstanding at the balance sheet date £194k and creditors £53k.

39. Holding company

W. Lucy & Co. Ltd. is a subsidiary of WL Shareholding Company Limited, which is incorporated in England and which holds 53% of the issued ordinary share capital of the company.

Notice of meeting

Notice is hereby given that the annual general meeting of W. Lucy & Co. Ltd. will be held at Eagle Works, Walton Well Road, Oxford on Thursday 24th April 2014, at 12:00 noon for the following purposes:

1) To receive the report of the directors and the audited financial statements for the year ended 31st December, 2013.

2) To declare a final dividend.

3) To re-elect as a director Mr. R.I. Dick who retires by rotation.

4) To elect as a director Mr. J.C. Finch-Dick who was appointed during the year.

5) To elect as a director Ms. P.A.J. Latham who was appointed during the year.

6) To re-appoint Wenn Townsend as auditors of the company and to authorise the directors to fix their remuneration.

7) To transact any other ordinary business of the company.

By order of the board,

Madeline Laxton
Company Secretary
6th March 2014

W. Lucy & Co. Ltd.
Eagle Works
Walton Well Road
Oxford
OX2 6EE

Notes

1. As a member of the company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you will receive a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:
• completed and signed;

• sent or delivered to the Company at Eagle Works, Walton Well Road, Oxford OX2 6EE; and

• received by the Company not less than 48 hours before the start of the meeting.

In the case of a member that is a company, the proxy form must be signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. In order to revoke a proxy instruction you will need to inform the company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at Eagle Works, Walton Well Road, Oxford OX2 6EE. In the case of a member that is a company, the revocation notice must be signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by the company before the commencement of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

9. Except as provided above, members who have general queries about the meeting should contact the Company Secretary at Eagle Works, Walton Well Road, Oxford OX2 6EE (no other methods of communication will be accepted).

Financial Calendar

Announcement of results

The results of the group are normally reported at the following times:

Interim report for the six months to June in September
Report and Accounts to 31st December in March

Dividend payments

Current policy is to make dividend payments at the following times:

Interim dividend in September
Final dividend in April

Advisors

W. Lucy & Co. Ltd. Advisors

Auditors

Wenn Townsend

Chartered Accountants and Statutory Auditors

30 St Giles

Oxford

OX1 3LE

Bankers

HSBC Bank plc

65 Cornmarket Street

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Pension consultants

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HP6 5FG

Investment advisors

Cazenove Fund Management Limited

6 Worcester Street

Oxford

OX1 2BX

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ENGINEERING OVER 200 YEARS of BRILLIANCE

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