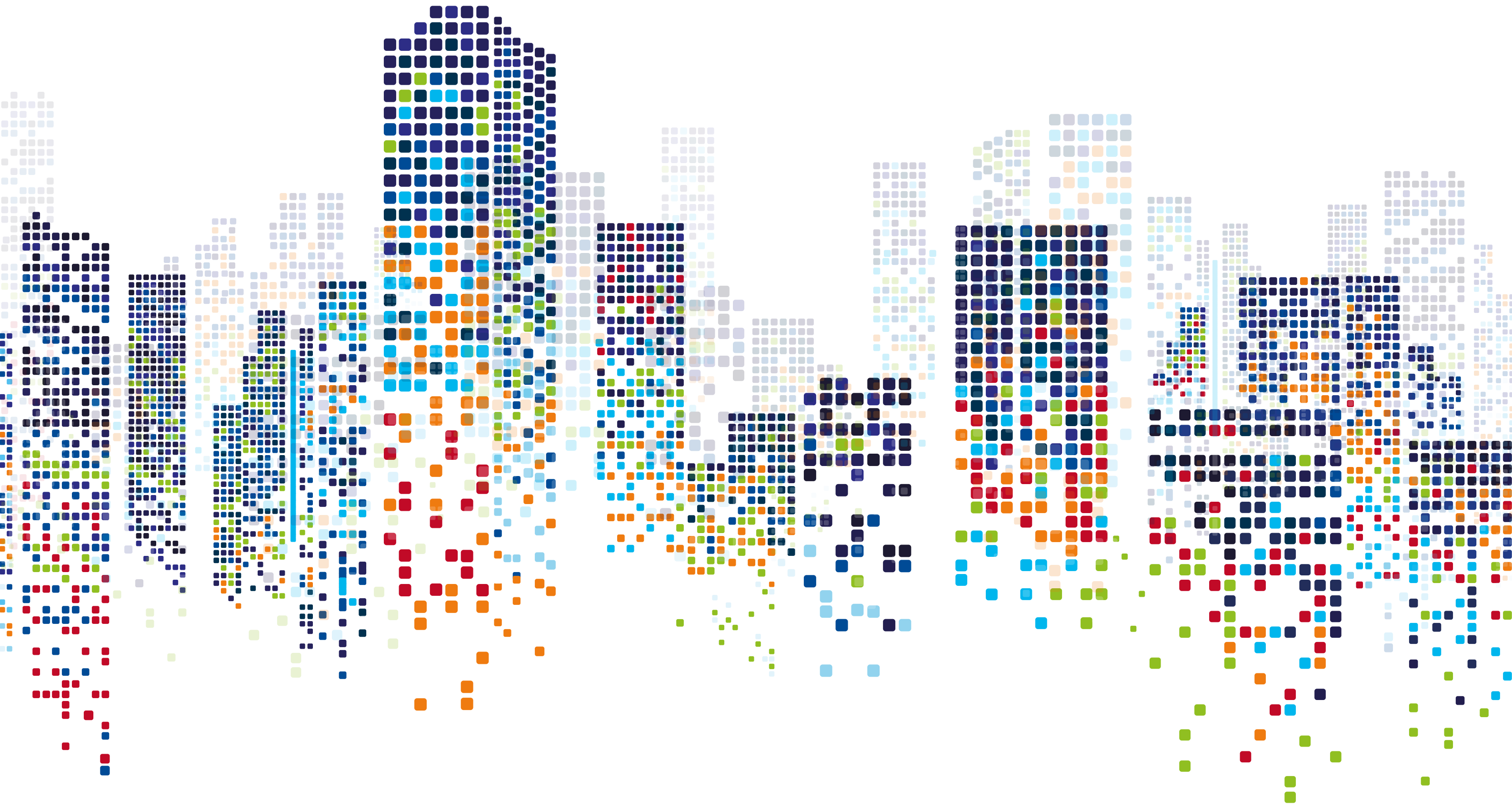
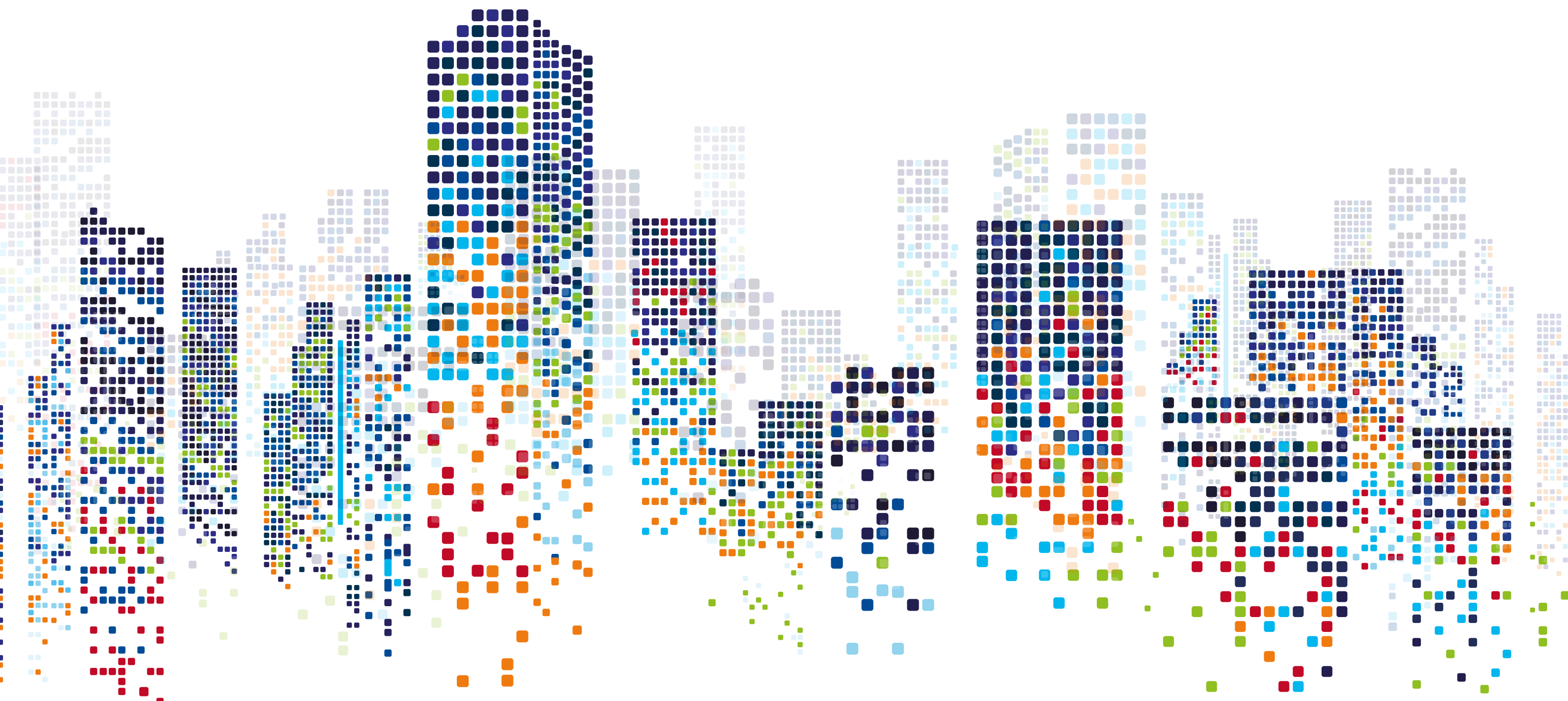


Lucy Group Ltd

2018 Annual Report & Accounts

Front cover illustration is an abstract
representation of modern city infrastructure.



Contents

See this report at www.lucygroup.com

Chairman’s Introduction

Results overview

We moved into 2018 expecting a challenging year and this has certainly been borne out; we faced a difficult period on a number of fronts. The broader picture is that conditions in our key markets have not improved and sales volumes continue to be impacted, with pressure on selling prices squeezing margins.

In the face of this volatility we have kept close watch on the health of all our business units; continually monitoring our strategy to ensure we adapt quickly to the conditions. We enter 2019 in a period of change, but I am pleased that our people and businesses have shown resilience in these testing times.

As expected, we have not emerged unscathed and as a result of this volatility, Group sales decreased by 2% to £172m, although rental income increased during the year by 4% to £7.7m. The Group made a profit before tax of £0.3m (2017: £9.9m) factoring in a £3.0m increase in the fair value of the Group’s investment properties (2017: £4.8m). We also saw larger cash outflows of circa £12.6m in 2018 (2017: £9.5m), in support of both increased land inventory in Lucy Developments to feed its development pipeline, and the acquisition of Lawson Fuses. These outflows reflect our resolve to maintain course towards our long term goals, although we remain mindful of our increased borrowings.

Inevitably some rationalisation of operations, including the planned relocation of Lucy Electric’s Automation business from Banbury to Thame, has been necessary to protect margins and maintain competitiveness. In the same vein, we remain focused on new product development and our future innovation pipeline, but a firmly value-led approach to engineering remains as important as ever.

We are watchful of the unfolding political situation as Brexit draws closer and are mindful of the disruptive effect uncertainty can have across our business, its supply chain and the wider community of stakeholders. Whilst we are prepared for various scenarios, our direct exposure to the impact of the UK’s planned withdrawal from the EU on 29th March 2019 is limited; we sell in small volumes into the EU. We do not want to see a disrupted flow of imports from the EU impacting our supply chain, or limitations on freedom of movement undermining our skills base.

Despite the uncertainty which 2019 heralds, we also have many opportunities to grow and move forward in the coming year. We will continue positioning ourselves to be agile; with continuous cost improvement, inventory reduction and control of cash flow, along with increasing volumes remaining key objectives as we seek to weather the challenges ahead.

Dividend

The Board recommends that the final dividend be unchanged at 121 pence per share, to be paid on 3rd May 2019 to shareholders on the register on 31st March 2019. The total dividend for the year will therefore remain the same as last year at 209p. There was no special dividend paid during the year (2017: none).

Strategic Developments

Whilst reflecting on lessons learned from the difficulties we faced in 2018, we firmly believe in looking forward and pursuing our strategic growth plans. The Board continues to set our strategic direction at Group level, but individual business units have the autonomy to prepare their bespoke medium term plans and map out strategic priorities so that we have clarity on the resource requirements needed to deliver growth for the coming year and beyond. In line with this strategy, during the year we sought out and capitalised on opportunities to deliver growth both organically and through a strategically complementary acquisition.

Testament to its adaptability, Lucy Electric has both substantially restructured its cost base whilst maintaining investment in new product development. As the innovation pipeline comes through to market, I am pleased to note increasing traction for the Aegis 36kV range of RMUs, with a healthy order book to open 2019. Similarly, we expect sales of the 24kV fused range to bring further opportunities for volume growth in the coming year.

It is also pleasing to see the strides Lucy Zodion has made in the nascent Smart Cities industry beginning to bear fruit, as its new smart lighting product, Ki finds its first orders. This is a business with strong fundamentals so we are encouraged by the enthusiastic reception on the international stage to the new Trojan 400i cut out, as Zodion sharpens its focus on the export market to offset slowing UK growth.

As you will read elsewhere in this report, in August we completed the acquisition of Lawson Fuses Ltd, a long established business specialising in the design, development and manufacture of low voltage fuses. Based in Newcastle, UK, the business was founded in 1938 and operates in many of the same markets as our existing businesses. As a strategically complementary business, following the acquisition we established the Lucy Controls business unit under which Lucy Zodion also reports.

We remain committed to supporting Lucy Castings in its efforts to deliver a turnaround and move back into profit, but it faced another disappointing year particularly in Oldbury-based Truscanian Foundries. Improving quality, consistency and service remain key priorities. Nonetheless, the management team has worked hard to deliver improvements and as we start 2019, we have some good prospects and new customers with whom we hope to forge lasting relationships.

I am pleased that Lucy Real Estate delivered another solid year; with budgeted sales and rental income both ahead of budget. We continue to carefully monitor the housing market in the run up to Brexit; uncertainty is never good for business and the market for bricks and mortar is often the first to show its effects. Whilst the relatively prosperous environs of Oxford provide a steady flow of demand for our rental portfolio, we are not complacent and will keep a watchful eye on events over the coming year.

Resilient in uncertain times

Recognition

With a tough year behind us it's easy to forget our achievements as a business and the hard work of all our employees. It was pleasing to see Lucy Group again recognised in the 'Thames Valley 250' list, in which we were ranked as the 25th largest private company (by most recently published turnover) in the region.

Our people

We aim to offer a great place to work and remain focused on delivering a positive, inclusive working environment with clearly defined development opportunities for our employees. I am pleased that people initiatives remained high on the agenda during the year. In particular, we embarked on a Group-wide project to adopt a shared set of values; a consultative process in which we invited employees worldwide to complete a survey to select the values which they believe are central to how we do business and how we interact with our stakeholders. It has been hugely encouraging to see the positive responses and the level of engagement from our workforce.

As we reported last year, securing new talent into the industry is of vital importance in ensuring the future skills base needed to continue and drive innovation. We were delighted that Lucy Electric once again hosted the High Sheriff of Oxfordshire Young Engineer Awards at its Thame head office in July. The initiative is aimed at inspiring young people to consider a career in engineering and in partnership with local schools, promotes involvement in the STEM subjects which form the educational foundation for an engineering career. Our apprentice scheme also continues to go from strength to strength, with intakes across key business functions during the year and more to come in 2019.

Instilling a high performance culture across the Group has also been a central theme throughout the year and we have engaged with all our employees to ensure that each has a clearly defined set of objectives as we move into 2019. Enabling all employees, myself included, to focus on a clear set of goals, aligned with our business objectives will be of great benefit to us in achieving our targets in the year ahead, both financial and non-financial.

Outlook

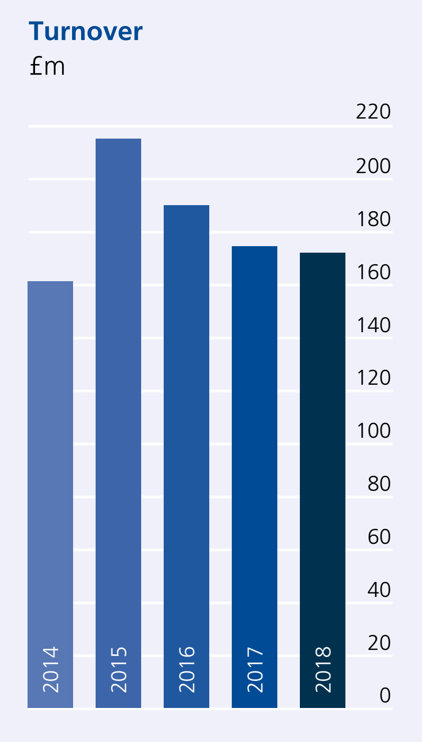
We continue to plan carefully and monitor our business strategy as our trading environment evolves. However we are mindful that uncertainty and with it, opportunity, will feature largely in the year ahead. We remain confident in the path we have taken to reposition our business for tougher times with a lower cost base and a value-led approach to supporting long-term growth by investing in the right products, the right places and the right people. Ongoing product development will be carefully targeted to make the most of our investment. Meanwhile, we remain diversified in terms of industries and geographical spread and our underlying asset base is a key strength. The Board is committed to driving forward the Group's strategic priorities and our core strategy remains unchanged.

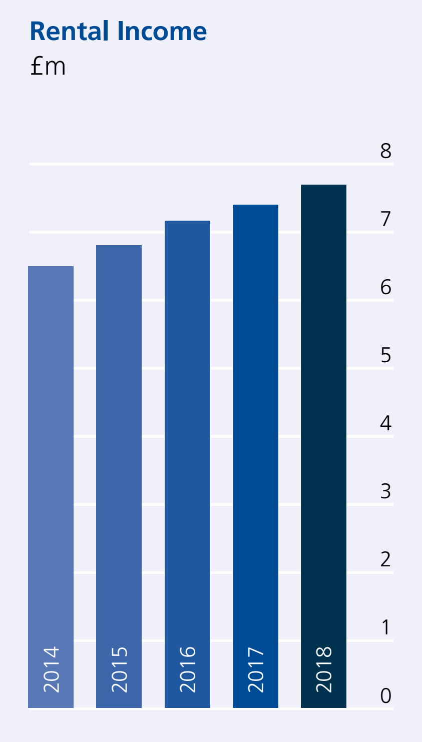
Richard Dick
Executive Chairman

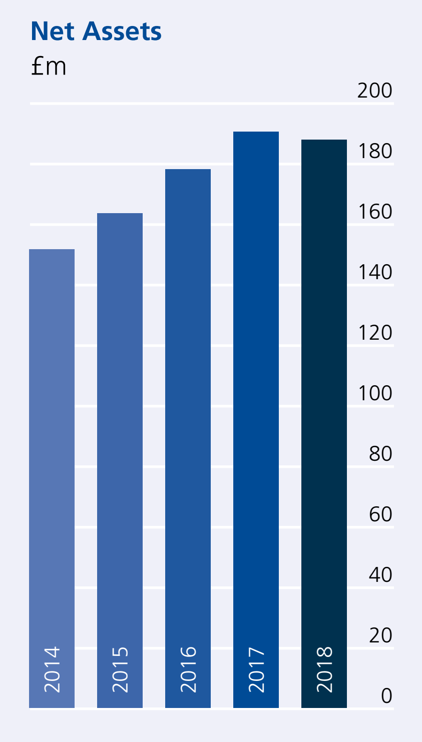
13 March 2019

Financial Highlights

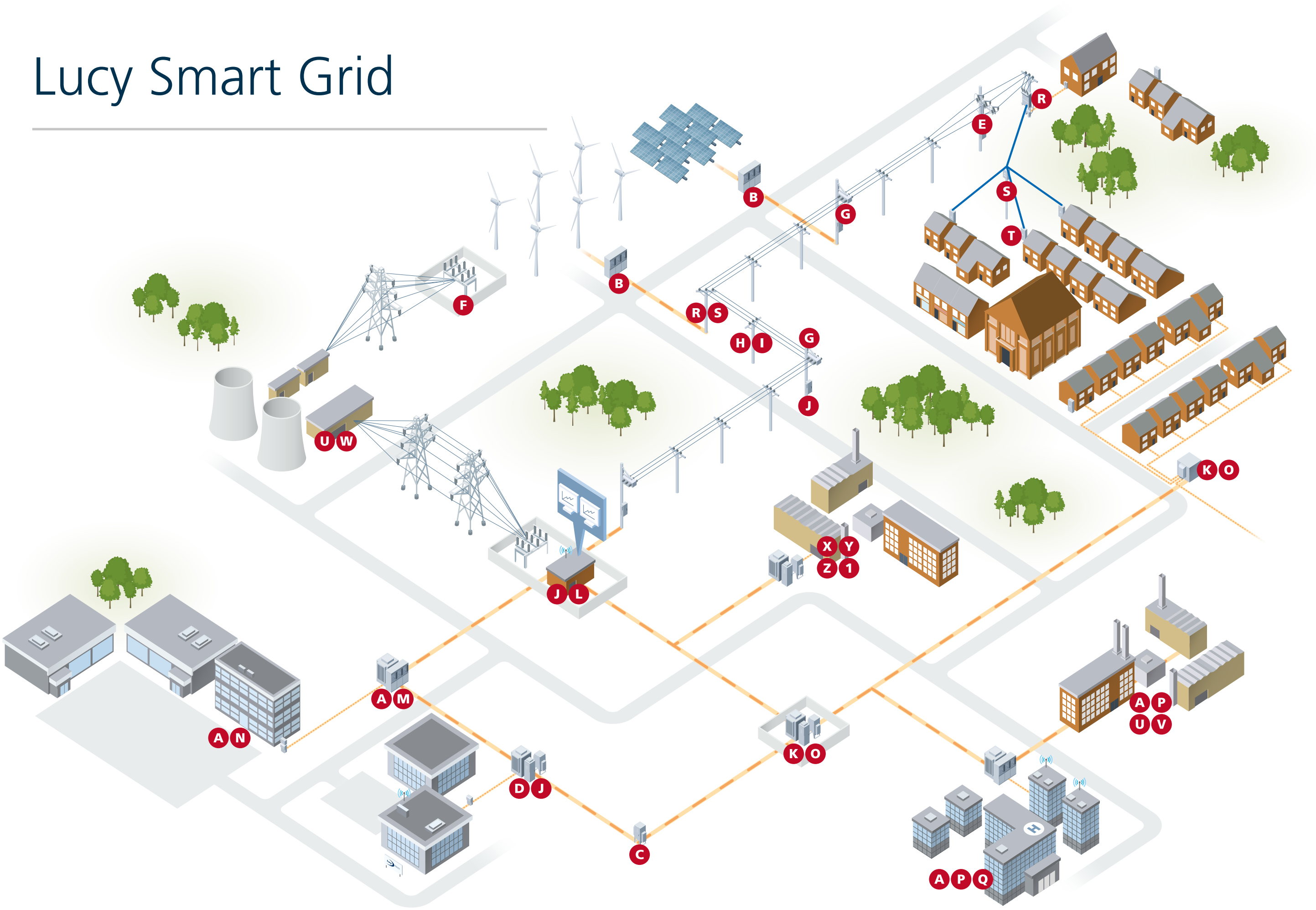
	2018	2017
Turnover	£171.6m	£175.8m
Rental Income	£7.7m	£7.4m
Operating (loss) / profit before net valuation gains on investment property	£(2.2)m	£6.2m
Operating profit after net valuation gains on investment property	£0.9m	£11.0m
Profit before tax	£0.3m	£9.9m
Total comprehensive income for the year	£(2.5)m	£12.9m
Net Assets	£187.3m	£190.8m
Earnings per share	27p	1,778p
Dividends per share (paid and proposed)	209p	209p







Lucy Smart Grid



Ring main units

- **A** Aegis Plus
- **B** Aegis 36
- **C** Sabre
- **D** Trident

Switch disconnectors

- **E** Rapier SAX
- **F** Rapier DSB
- **G** Rapier GX
- **H** Isolating links
- **I** Dropout (Expulsion) fuses

Automation

- **J** Gemini 3
- **K** Gridkey
- **L** Data centre

Distribution cabinets

- **M** AcuLok (BS fuses)
- **N** MSDB

Distribution solutions

- **O** Package substation

Cut outs

- **P** Heavy duty cut outs
- **Q** Integrated CT metering and heavy duty cut out
- **R** Pole mounted cut out
- **S** ABC distribution box
- **T** House service cut outs

Medium voltage air insulated switchgear

- **U** Smart Clad
- **V** Smart VAC
- **W** Ineclad
- **X** Inemotor
- **Y** Busbar ducts

Low voltage air insulated switchgear

- **Z** Smart CDC
- **1** Smart CCM

Business Model & Strategy

Our Purpose

To improve people's lives - sustainable homes, smart lighting, intelligent power

Our strategy

We consistently drive long term value for the benefit of all our stakeholders and the communities that we live and work in. We achieve this by focusing on four main strategies:

1. Long term value for stakeholders

Constantly seeking to improve and develop our products with success being measured by sales performance

2. Investment in research & education

Our commitment to investing in research, development and education in order to create technology based solutions, delivered smartly by focusing on customer service and satisfaction levels

3. Cost control

Managing gross and net margins through efficient material sourcing, product manufacturing, stock management and cost control

4. Financial strength

Maintaining the Group's financial strength by creating a strong asset base and secure financial structure

A balanced risk profile, encompassing a strong underlying asset base, reflecting targeted investment in our diversified businesses, provides investors with stability and opportunity.

Our market focus

We are an industry leader in many of our target markets, providing intelligent engineering, sustainable housing as well as smarter lighting solutions for the benefit of our customers and the communities we live and work in. We continue to enhance our growth profile and market position.

Who we are

We are a diversified group of four distinct businesses, committed to providing long term value to all our stakeholders through our technology solutions and range of product offerings.

200 YEARS OF EXPERIENCE

Proven track record

We continue to build on over 200 years of experience and expertise in delivering results for our stakeholders by creating value for our customers, the communities we work in, our people and our shareholders.

Our Values


Caring
Daring to differentiate
Excellence
Trusted
Working Together
1
2
3
4
5
We consulted with all employees across nine countries in order to create and shape our values. They represent what we believe in and what we strive to be, both individually and as a group.

Financial Review

International Financial Reporting Standards

The consolidated financial statements of the Group have been prepared under EU adopted International Financial Reporting Standards (IFRS) to represent the international nature of the Group's business activities. The parent company has elected to prepare its financial statements in accordance with FRS 101.

Revenue

Market conditions continued to be challenging for the Group in 2018 with reported sales of £171.6m, 2% below last year and on an organic constant currency (OCC) basis, sales were 3% lower than last year. Lower customer infrastructure spending has suppressed volumes and increased competition has led to further reductions in selling prices. Protectionism and geopolitical tensions have continued to adversely affect certain markets disrupting demand.

Despite unfavourable market conditions we continued to develop our sales channels and introduced a number of important new products including Lucy Electric's Aegis plus 24kv fused ring main unit (RMU) and Lucy Controls Ki smart city internet of things (IOT) platform.

There has been no material impact on how the Group recognises its revenue following the introduction of IFRS 15 on Revenue from Contracts with Customers

Rental income increased during the year by 4% from £7.4m to £7.7m reflecting higher rents combined with the ongoing property refurbishment programme.

Gross Margin

Gross margin at 23.3% decreased by 4.5 percentage points compared to last year largely reflecting lower selling prices in certain markets and changes in product mix.

Cost of sales continues to be closely scrutinised to mitigate market conditions and drive input costs lower. Material costs are the largest element of cost of sales and during the year they were again adversely impacted by increased commodity prices. Our value engineering programme has been accelerated and sourcing initiatives continue to drive material cost savings.

Direct labour costs increased in both absolute terms and as a percentage of sales reflecting the inclusion of recent acquisitions in Brazil and the United Kingdom.

Our manufacturing facilities with their largely fixed cost base experienced lower activity which was responsible for the remaining decrease in margin.

As previously reported our diverse business units and product portfolios within each business means breaking this down further is both complex and commercially confidential.

Overheads

Overhead costs as reported decreased by 1% whereas on an organic constant currency basis they decreased by 3% after excluding recent acquisitions Lucy Equipamentos Eletricos Ltda in Brazil and Lawson Fuses Ltd in the UK. Cost containment and reduction are a key focus and restructuring activities were undertaken in the year at a cost of £0.7m.

Our substantive product development programme continues and value engineering activities have been further expanded. In accordance with IAS 38 the Group has this year recognised 36kv (RMU) development costs of £1.0m as an intangible asset to be amortised on a systematic basis over the next ten years.

Exceptional Item

The Lloyds Banking Group Pension Trustees Limited v Lloyds Bank PLC (and others) court judgement in October 2018 provided clarity that Guaranteed Minimum Pensions (GMP) equalisation between males and females is required on the tranche of pension that relates to the scheme having been 'contracted-out' of part of the UK state pension. This ruling has crystallised a charge of £1.0m for the Group as a past service cost in the Income Statement because previously no allowance for this liability had been recognised.

Operating profit/(loss)

The Group reported an Operating loss before net valuation gains of £2.2million (2017: £6.2m profit) due to weaker results in all Group businesses and after recognising an exceptional charge of £1.0m for GMP equalisation costs following the conclusion of the Lloyds Banking Group legal case. There was a net valuation gain on the Group's investment property assets of £3.0m (2017: £4.8m) reflecting a modest increase in market prices resulting in an Operating Profit after net valuation gains for the year of £0.9m (2017: £11.0m).

Profit before tax

Profit before tax for the year was £0.3m after charging net finance costs of £1.1m (2017: £1.1m) and after crediting £0.5m from the acquisition of Lawson Fuses UK Ltd at below asset value.

Taxation

The Group has an overall tax charge of £0.5m for the year, comprising an overseas tax charge of £0.1m and a UK tax charge of £0.4m. The high effective tax charge in the year is attributable to the capitalisation of some development expenditure, utilisation of withholding taxes, and deferred tax on investment property valuation gains.

The Group's tax strategy seeks to ensure that the key tax risks are appropriately mitigated and that the Group's reputation as a responsible tax payer is safeguarded.

Dividends

The Board recommends an unchanged final dividend of 121p per share, which taken with the 2018 interim dividend of 88p per share gives a total payment of 209p per share (2017 209p per share). There was no special dividend paid in the year.

Our dividend policy is to grow core dividends at least in line with the Retail Price Index (RPI) and to supplement core dividends with special dividends when the Board considers it appropriate after reviewing both profits and cash requirements.

Acquisitions

In August 2018 the Group acquired Lawson Fuses Ltd for a total consideration of £1.9m net of cash. Lawson Fuses Ltd is a UK based specialist in the design, development and manufacture of high rupturing capacity (HRC) fuses with a global customer base. The company has operations in Newcastle, UK and in Dehli, India and will form part of the recently created Lucy Controls business unit. Lawson fuses will continue to trade under the Lawson brand, will develop its existing product range and will benefit from accessing the Group's international network.

The Group has a strategy of growing through a combination of organic expansion and acquisition. We continue to seek acquisitions that support the development of our business units.

Cash Flow

The Group had a free cash outflow of £12.6m (2017: £9.5m) which was largely in support of Lucy Developments planned sales growth over the next few years. Investments in new sites and increased construction activities have been undertaken in order to build a product pipeline which has led to a £7.8m increase in development inventory during the year.

Operating cash flow before changes in working capital, interest and taxes was an inflow of £2.0m (2017: £13.7m). Working capital increased by £5.4m (2017: £17.3m) due to an inventory increase of £9.9m largely from the planned increase in development inventory of £7.8m and higher inventory in Lucy Electric following contract delays from a few key customers. Receivables decreased by £1.0m reflecting lower sales with trade payables and provisions increasing by £0.9m and £0.8m respectively. Changes in the value of derivative financial instruments of £1.7m (2017: outflow £4.6m) was largely attributable to weaker sterling.

Investing activities comprised capital expenditure of £6.2m and £1.9m for the acquisition of Lawson Fuses Ltd. Capital expenditure included £1.1m for Lucy Electric's new technology centre in Vadodara, India which was completed late but in line with budget at a cost of £2.5m.

Interest payments increased to £0.6m (2017: £0.4) and tax payments to £0.6m (2017: £0.3m) due primarily to profits in Lucy Real Estate.

Capital commitments at the end of the year were £1.8m (2017: £3.6m) reflecting a number of capital expenditure programmes underway.

Financial position

During the year the Group increased its borrowing facilities from £35m to £40m while actual borrowings at 31st December 2018 were £32m. The Group's financial metrics remain strong although gearing increased to 14% (2017: 8%) and an operating loss before valuation adjustments meant that interest costs were uncovered (2017: covered 13 times). The Group had net debt of £16.7m compared to £2.9m last year and net assets decreased during the year by 1% to £188.2m.

Return on net assets

The Group recorded a negative return on net assets before valuation gains of 1% during the year and a nil return after valuation gains (2017: 5%).

Post-employment benefits

The Group accounts for post-employment benefits in accordance with IAS 19 Employee benefits. The balance sheet reflects the net deficit of the W Lucy defined benefit pension scheme as at 31st December 2018 based on the market value of assets at that date, and the valuation of liabilities using AA corporate bond yields adjusted to reflect the duration of the scheme's liabilities. This scheme was closed in 2002 to new entrants in order to reduce the risk of volatility of the Group's liabilities.

The most recent triennial valuation of the scheme was performed as at 6th April 2017 and revealed a surplus of £3.9m compared with a £1.0m deficit in the previous valuation. As a consequence of this valuation the Company increased its contributions to the scheme from 19.7% to 24.5% of pensionable salaries from 1st January 2018.

The separate IAS 19 valuation performed as at 31st December 2018 showed an increase in the Group's pension deficit of £3.0m to £7.3m and a decrease in the funding level from 93% to 88% during the year. This increase in the scheme deficit was largely attributable to a decrease in the fair value of the scheme's assets and the equalisation of guaranteed minimum pensions (GMP) mentioned earlier in this report. These deteriorations were partly offset by an increase in bond yields by 0.3% per annum to 2.9 % per annum and additional Company contributions of £0.4m paid during the year. The related deferred tax asset increased by £0.5m which resulted in a net pension liability of £6.1m at the end of the year. 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 deficit by £1.0m.

Gary Ashton
Group Finance Director

13 March 2019

Business Overview
Lucy Electric

Vision
To be the leader in engineering intelligent switchgear solutions through excellence in customer service and innovation.

Engineering intelligent solutions

Lucy Electric engineers intelligent, future-focused, secondary power distribution solutions which enable the safe and efficient distribution of electricity to homes and businesses worldwide. Our success is built on over 100 years of engineering excellence, strong technical expertise and deep industry knowledge.

Through an international network of design, manufacture and supply channels, Lucy Electric provides innovative and flexible solutions which continue to add value to and support our customers in a rapidly evolving market.

Responsive and robust

In line with expectations, the challenges of 2017 intensified in 2018 and Lucy Electric's financial performance deteriorated as a result. Against some significant headwinds; increasing competition, falling selling prices and an adverse product mix, sales in Lucy Electric decreased by 2% and by 3% on an organic constant currency basis. In mitigation, we responded by making a number of operational improvements and process enhancements to ensure robust control of costs and protection of margins. Amongst these measures, a sustained focus on value engineering has ensured we achieve cost reductions in our operations and where required, can respond to fluctuating market prices without adversely impacting quality or service.

Responding in an agile manner whilst maintaining quality and service standards when the trading environment presents challenges remains a key facet of Lucy Electric's resilience. To this end, both Group and Lucy Electric management were engaged closely with the business throughout the course of 2018 to continue positioning our cost base for a more competitive trading environment. We therefore undertook a number of restructuring initiatives during the year, reducing ongoing operating costs in order to secure long-term competitiveness as margins tighten. We are pleased to move into 2019 on a positive, determined footing.

Inevitably, some rationalisation of Lucy Electric's organisation structure has been necessary, including a reduction in headcount and in particular the planned relocation of all staff from our Banbury facility, to Lucy Electric HQ in Thame. We expect these measures to bring greater efficiencies which will help secure our success and long term growth. Our policy is to consult with and work closely with any employees affected by these changes to ensure minimal disruption to our people and the business.

Investment in global facilities

Despite less than optimal market conditions, our investment in R&D, new product development and our network of facilities across Lucy Electric's international locations continued during the year. In January 2019 we completed a two-year programme to construct a new technology centre in Vadodara, India at a cost of £2.5m. The centre which accommodates up to 150 people, houses switchgear, automation engineering and service activities, supporting Lucy Electric's global base. It also forms a key pillar of Lucy Electric's R&D and engineering capability, supporting the principal technology centre in Thame, Oxfordshire, which directs and oversees the global engineering function.

Diversified but integrated

Lucy Electric operates across nine countries in four continents, serving a broad range of customers. Key to our success is sensitivity to the cultural differences of each local market and a tailored approach to varying customer requirements. For this reason we remain responsive to individual requirements at a local level, whilst maintaining economies of scale where possible through standardisation and integration of our product range and operations, minimising cost, protecting margins and delivering growth for all our stakeholders.


1


2

Maximising the synergies and opportunities flowing from recent acquisitions is a central driver of Lucy Electric strategy. During the year we made solid progress on the integration of Lucy Equipamentos Eléctricos Ltda ('Lucy Electric Brazil'), the medium voltage ('MV') switchgear business acquired from the Arteche Group at the end of last year. In addition to its integration into Group Financial, IT and HR systems, Lucy Electric Brazil was also integrated into the Lucy Electric ERP system, Dynamics AX. As a fully integrated enterprise resource planning system, AX has significantly improved the accuracy of data flows across Lucy Electric operations and helped harmonise the planning and reporting activities of our diverse entities, further driving efficiency.

1 Apprentice open day
2 Production facilities at Thame

Making networks intelligent

Lucy Electric Brazil is beginning to provide a valuable foothold in the South American market, and we are pleased to report a promising order book moving into 2019. The introduction of Lucy Electric products into its existing portfolio will begin during 2019, further expanding Lucy Electric's offering in this developing market.

New product development: foundation for the future

Ongoing turbulence in our trading environment puts the importance of new product development into stark focus; it is the foundation of our future growth. In pursuit of innovation and by extension, market share, we continued investing in our product portfolio and during the year expanded the family of Aegis Ring Main Units ('RMU') products, launching a new fused 24kV Aegis + ring main unit in December. In common with the 36kv range which launched last year, the latest additions to the Aegis family of products continue to cater for the growing demand in the renewable energy sector, offering an exceptionally small footprint and ultra-low maintenance design.

Also expanding our offering in the automation field, in November we launched a new Mini Gemini Remote Terminal Unit ('RTU'). An innovative development in Lucy Electric's range of successful Gemini remote terminal units, the new unit employs a modular design allowing for easy upgrades and remote access for support activities, increasing utility and reducing cost to the end user.

Collaborating and innovating

Lucy Electric remains at the forefront of many aspects of smart grid and automation technology.

Lucy Electric's GridKey solutions are also continuing the collaboration on the 'Electric Nation' project we reported on last year, another sector-leading project to evaluate network capacity constraints in the context of wider adoption of electric vehicles. This will see the largest consumer trial of electric vehicles in the world and will examine the opportunities for smart charging using our real-time data monitoring and analysis expertise.

Engineering our future

Bringing new talent into the industry remains core to our people strategy. We continue to encourage young people to consider a career in engineering through initiatives such as the High Sheriff of Oxford's Young Engineer Awards, which the Chairman reports on in his introduction.

We have also continued investing in our apprentice scheme, which is proving to be hugely successful across Lucy Electric. Indeed we were thrilled to see one of our youngest engineers, Quality Engineering apprentice Dennis Gumus, recently achieve an internationally recognised auditing certificate. In the coming year, we look forward to welcoming the next influx of apprentices into the business. In partnership with the HR team, we will be working with local colleges and institutions to ensure we attract the best new talent to the business.

Investing in the skills, training and career development of all our employees remains a central pillar of long-term success and to this end, we were pleased to implement the Group-wide performance excellence culture across Lucy Electric's locations, engaging with all employees to set team and individual objectives that will help shape 2019.


3


4

5

3 The new fused 24kV Aegis
4 Assembly activities at Thame, UK
5 The new technology centre in Vadodara, India

Business Overview
Lucy Controls

In August we completed the acquisition of Lawson Fuses Ltd, a long-established specialist in the design and manufacture of high rupturing capacity ('HRC') low voltage fuses. At the same time we established Lucy Controls, a new business unit incorporating our existing street-lighting and controls business, Lucy Zodion and Lawson Fuses, a strategically complementary business. Both entities retain their existing names and management teams.

Vision
'To have our products on every street around the world'

Leading the way in lighting

An innovator in its niche, Lucy Zodion designs and manufactures sophisticated street lighting control and management systems, with a strong focus on providing the most durable, energy efficient and sustainable solutions for its customers.

1

Serving a market for whom cost and efficiency are paramount, Lucy Zodion's product range includes photocells, isolators, LED drivers, central management systems and smart lighting solutions.

Steady performance

The ongoing spending squeeze on local authorities has again impacted Lucy Zodion's sales and profits, both of which declined in 2018 as a result of the slowdown in key markets. As we reported last year, these continued public sector budget constraints have to a great extent maintained a grip on the industry for a number of years, as local authority decision-makers seek to cut back where possible and defer infrastructure spending.

Revitalised facilities completed

In last year's report we outlined our focus on redeveloping Lucy Zodion's West Yorkshire based facilities to ensure we have the right base from which to design, innovate, manufacture and serve our growing customer base. The second phase of investment in the Sowerby Bridge site was completed during 2018 on time and to budget, marking the completion of a major investment programme in our production, warehousing and on-site facilities. In May 2018, we cut the ribbon on a new, enlarged office space, a customer experience area and employee break-out facilities. The remodelling of the entire Sowerby Bridge operation puts us on a sound footing for future expansion as Lucy Zodion enjoys its seventh decade of trading.

Energised for a brighter tomorrow

With innovation at our core, new product development remains a critical component of Lucy Zodion's strategy. Despite adverse market conditions, Lucy Zodion increased spending on research and development in 2018 by 12%, keeping it at the forefront of emerging industry trends. Shaping the evolving digital and smart technology industry revolution continues to be the principal driving force for innovation at Lucy Zodion and the wider lighting and controls industry. For this reason, Lucy Zodion's new product development programme is attuned to the growing influence of Smart Cities as they transform our industry and the way we live and work.

The Ki to a smarter future

With an audience of several hundred thousand and many industry key players in attendance, we chose the biennial Light + Building show in Frankfurt to pull the covers off 'Ki', Lucy Zodion's new offering in the smart cities arena. With 2018 marking the tenth anniversary for Lucy Zodion exhibiting at Light + Building, one of the lighting and infrastructure engineering industry's largest and most prestigious shows; we were encouraged by the enthusiastic reception for Ki, our new smart city IOT (internet of things) platform. Ki provides a fully scalable platform for remote street lighting management which can be operated within an ecosystem of other assets, offering enormous potential for connectivity and remote urban asset management. Interest in Ki has been strong both domestically and internationally, and we began shipping our first products to customers in October. It marks the fruition of a key pillar of Lucy Zodion's strategy to develop, market and deliver cutting edge smart cities products to a rapidly changing industry. We are determined to help shape, rather than simply react to this fast developing industry sector. Indeed our CitiHorizons information hub remains an active focal point for discussion, keeping Lucy Zodion at the forefront of the smart cities conversation.

Celebrating our smart lighting heritage

We first introduced Vizion, our smart street lighting and central management system ('CMS') ten years ago and in that time it has played a pivotal role in changing the landscape in the street lighting industry both in the UK and internationally. Vizion has enabled many local authorities to closely manage their street lighting networks, bringing closer monitoring and control of energy consumption and reducing carbon footprints.

1 Ki - next generation IOT platform

Constant innovation for a smarter tomorrow


2


3


4

Tasked with spearheading a new street lighting programme that would help cut carbon emissions, energy consumption and save costs, we first deployed Vizion with Cornwall Council in 2009. Installed across a network of over 53,000 street lighting assets, Vizion enabled the council to benefit from centralised control of street lighting countywide, resulting in cost savings estimated at £26m over ten years and a reduction in CO_2 emissions of 5,500 tonnes per year. We continue to work with local authorities across the country to meet similar objectives as their needs evolve.

International focus

The domestic market has remained challenging but we continue to seek opportunities to expand our reach overseas; indeed Lucy Zodion sells products into more than 40 countries across the world and sees huge potential for growth across international borders, regardless of the uncertainties in the current geopolitical environment.

Following the launch of our new Trojan 400i isolator, we have seen growing traction across new and existing international markets. Trojan 400i allows rapid, robust street lighting isolation and is designed to offer quick and simple installation, with excellent longevity.

2018 also saw the market debut of LumoBEAM, Lucy Zodion's new product in the commercial vehicle lighting sector. Designed to shine more brightly and accurately than other interior lights, LumoBEAM allows delivery drivers to make unloading more efficient. Early interest has been encouraging and we expect order books to grow as we build market awareness in the early part of 2019.

People

It has been a time of enormous transition for the lighting and controls industry over the past eight years since Lucy Zodion became part of the Lucy Group family and in that time, we have remained mindful that success is inextricably linked to the competence, professionalism and wellbeing of our people. As the wider programme of performance management is rolled out across the Lucy Group, Lucy Zodion made strides during the year in embedding the 'performance excellence' culture into its people strategy. To this end, we engaged with and worked with all our staff to closely define individual and team objectives for the coming year, providing a consistent, measurable and achievable framework against which employees are assessed and rewarded.

LAWSON FUSES LIMITED

Lawson Fuses

A long-established company in HRC low-voltage fuses sector, Lucy Group was delighted to complete the strategic acquisition of the Newcastle-based Lawson Fuses in August 2018. Founded in 1938, Lawson Fuses enjoys a strong reputation with an international customer base and becomes part of the newly established Lucy Controls business unit, as a complementary fit with Lucy Zodion's lighting and controls business.


5

Lawson Fuses operates from a 40,000 square foot design and manufacturing facility in Ponteland, Newcastle, and has an additional subsidiary in Delhi, to serve the Indian market. The existing management structure remains and phased work to gradually integrate the business into Lucy Group systems and processes will continue during the year.

2 SS12Connect – Photocell testing process
3 Trojan 400i allows robust street lighting isolation
4 In-house pre-wired pillar design centre
5 A selection of products from Lawson Fuses.

Business Overview
Lucy Castings

Vision
To be a leading niche castings manufacturer

Bespoke expertise

Lucy Castings is a niche manufacturer of specialist aluminium and iron-based castings, fusing traditional craftsmanship with the latest technology to deliver bespoke solutions to customers across a range of industries.

Operational challenges

The underlying demand for specialist castings continues to provide a growing order book and during the year, Lucy Castings made good progress in expanding its customer base. The factory layout in Oldbury was also re-configured to drive efficiency in the manufacturing process. However, operational issues have persisted, impeding progress towards its strategic goals and impacting financial performance over the past year. With significant challenges including process control and instability in our skills base, 2018 was another disappointing year financially and Lucy Castings continued to report a substantial loss.

Casting our net more widely

We remain focused on working to strengthen the Lucy Castings brand, and grow our market share. During the year we substantially increased activities to broaden our exposure to industry decision-makers with an increased presence at trade shows as well as joining the manufacturers' association 'Made in the Midlands'. A business community of over 400 members, Made in the Midlands is a network of manufacturers across the region, sharing a wealth of expertise and valuable information and holding regular trade shows. It also provides a platform to protect and improve manufacturing in the Midlands, an endeavor Lucy Castings wholeheartedly supports.

Focus on diversifying our sectoral presence and broadening our customer base continued during the year; ensuring we can expand organically through new customer acquisition as well as reducing unnecessary reliance on individual customers or industry sectors. One such avenue of focus is the burgeoning electric commercial vehicle market. As the future of mobility is transformed by the gradual adoption of electric vehicles, we are beginning to see a number of opportunities to work with some of the nascent companies in this expanding sector.

In particular, we are excited to be collaborating with Arrival, a disruptive start up business which is developing a clean-sheet design electric van, as well as re-engineering existing internal combustion engined commercial vehicles to run an EV drivetrain. Lucy Castings will be working with Arrival further in 2019 with a view to supplying aluminum gravity die castings into their future product range. We are also working to ensure our product strategy is evolved to provide what customers want and to this end, have challenged and engaged with our customer base to focus on delivering a product strategy in tune with market requirements.

Moving into 2019 we are pleased to be working with a number of other new customers in varied sectors to provide bespoke castings solutions, including two leading companies in the hydraulic and pneumatic systems field.


1

2

1 Finishing products at Oldbury site
2 The Smart Electric Van, (photo courtesy of Arrival)

Trusted innovation partner


3

Community involvement

Whilst we remain steadfastly focused on delivering growth in line with our strategic objectives, we engage with all stakeholders and the wider community whenever possible. During the year we were proud to offer the services of our Witney-based foundry to help produce a specially designed casting which featured as part of a memorial commemorating the 100th anniversary of the end of World War One.

People

Nowhere is retention and management of our skills base more crucial than in the castings industry. Securing the right talent remains a perennial challenge in this predominately manual production environment, the success or failure of which has a very real impact on Lucy Castings' fortunes. Our management team has continued to work closely with HR in order to develop and improve its people strategy and to attract and retain the right talent. In tandem, we have been encouraged by the response to the performance excellence initiatives introduced during the year, which we believe will prove helpful in aligning our employees with the goals of our business and driving us forward.


4


5

3 Working at Lucy Castings Witney
4 Posts cast for memorial of 100th anniversary of WWI

5 Emma Holly (CEO) and Graham Farmer (Business Development Manager)

Business Overview
Lucy Real Estate

Lucy Real Estate

Vision

To be the leading provider of high quality residential property in Oxford that enables people to increase their housing choices. This entails recognised lettings and residential development brands which are synonymous with high quality and service.

Building value over the long-term

The Lucy Real Estate business comprises three income streams. Lucy Properties is one of Oxford's largest private landlords, with an established reputation for high-quality residential lettings; Lucy Developments specialises in building high quality homes incorporating the latest energy-efficient technology in prime locations throughout Oxfordshire; Lucy Block Management acts for residents' management companies, undertaking their contractual repair and maintenance obligations.


1

Our strategy

To be a leader in the Oxford residential property market, delivering sustainable long-term returns to our stakeholders.

Our core business

To provide quality residential property in Oxford, to undertake development of quality homes in Oxfordshire and provide bespoke services to residents' management companies. The business will continue to actively acquire assets when available and provide appropriate levels of return.

Well located for growth

Lucy Real Estate experienced a good year as it continues to cement its reputation as a leading provider of high quality residential property in both the rental and development sectors of the Oxford market. And whilst 2018 was a year not without its challenges, Lucy Real Estate emerged with a steady financial performance and a strong platform from which to deliver future growth plans. In particular a significant investment of circa £8m in the development pipeline through new site acquisitions was made during the year, providing the headroom required to achieve strategic growth.

A total return of 5% highlights the inherent strength of our well-located portfolio. Pre-tax profits decreased by £0.7m (16%) due to lower sales and margin in Lucy Developments. Rental income increased in Lucy Properties leading to an unchanged profit. Underpinning this operating performance, our property portfolio increased in value by £3.1m to £144.4m.

Continuing confidence in bricks and mortar

As one of Oxford's largest private landlords, Lucy Properties remains a byword for high quality lettings in the city and our portfolio of well-maintained properties in high-demand areas saw rental income increase to £7.7m in 2018. The ongoing programme of capital investment continued, with repair expenditure largely unchanged.

Maintaining standards

In 2018 we once again targeted careful investment across Lucy Properties' portfolio of rental properties, delivering improvements and upgrades where required to ensure the quality and standards which underpin our reputation and high occupancy levels are maintained.

During the year we also made a number of enhancements to our back office functions in Jericho from where we manage the Lucy Properties portfolio. These included the introduction of a new inventory app, which has made managing the on-boarding and off-boarding of tenants significantly more efficient. In addition we introduced an electronic signature management process, which makes managing the process of tenancy agreements more streamlined and efficient for both tenants and our staff.

Sustainability and community engagement

As we reported last year, we continue safeguarding our green spaces wherever feasible in order to make our properties healthy, desirable places to live, regardless of the urban environs in which we operate. Sustainability and future proofing for the evolving needs of our population is also central to our philosophy and many of our new developments as well as some of our rental portfolio, now include electric vehicle charging points.

Operating in one of the country's most congested and expensive cities, we are acutely aware of the often pressing nature of this country's many unmet housing needs. It is incumbent on us to act not only as responsible landlords, but to engage with local stakeholders and charities to ensure we consider the needs of the wider community. As reported last year, we were delighted to work with Blackfriars Refugee Aid (BRAid), becoming involved with a community sponsorship scheme that saw us provide housing for a Syrian refugee family.

1 Preparing a property

Solid returns in uncertain markets

2

3

4

5

Cautious development market

Whilst the rental market held up well during the year, a more muted approach was in evidence in the residential sales division, with buyers of new houses exercising caution and slower sales activity throughout the year. The inherent nature of a development pipeline is also a key factor; it was relatively empty from the start of the year, with the number of completions markedly lower than in 2017 for this reason. As a result of the lower number of completions, sales in Lucy Developments decreased to £6.1m for the year and profits fell to £0.1m. We believe other factors have played a part, including some correction at the higher end of the market as political and economic uncertainty begins to bite. Increased construction costs across the industry have also had a marked effect on development costs.

We are seeking to mitigate the effects of rising construction costs by carefully selecting and collaborating with our panel of partners and subcontractors, many of whom we have long standing and successful relationships with.

Looking forward into 2019 and beyond, we expect Lucy Development sales to grow significantly as substantial investment in our new development pipeline following a number of key site acquisitions, comes to fruition. Whilst Lucy Developments has never been a volume developer, instead focusing on quality and design, we also expect to develop a number of larger sites with more units in 2019, allowing some economies of scale and increased profit potential. However, quality and traditional construction will remain firmly at the heart of our ethos.

2 Completed development of five apartments and five houses at Halliday Lane in Oxford
3 Construction of 13 houses at Applegarth Court in Witney
4 The Lucy Real Estate office
5 Electric vehicle charging point

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 Group Executive team met regularly throughout the year to assess the adequacy of the risk activities within the Group Businesses including assessing both the strategic risks, and risk culture for the Group The business units are responsible for assessing and managing their own risk, as well as embedding the risk culture, and reporting back to Group Management. The Executive Chairman is responsible for reporting Group risk activities and Strategic risk assessment to the Board, to give the Board assurance over the effectiveness of the risk management processes.

Key business risks are currently identified as follows:

Risk and Impact	Mitigation
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.
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 uncertainty surrounding the terms of the UK's exit from the EU means these currency fluctuations could be more pronounced.	The Group has a proportion of its borrowing denominated in foreign currencies to mitigate the risk of movements in foreign exchange rates on underlying assets. The Group operates a centralised treasury function which is responsible for managing its liquidity, interest rate and foreign currency risks. The Group's treasury policy allows the use of derivative products provided they are not entered into for speculative purposes. The effectiveness of the hedging is tested and accounted for under IFRS 9.
Credit risk and liquidity	
The Group is exposed to credit risk from its business customers and key suppliers whose services are essential to the business and who also face credit risk.	Credit risk procedures are in place and are regularly reviewed. The Group's risk assessment procedures for key suppliers enable it to identify alternatives and develop contingency plans in the event that 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 are 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 continually seeks to supplement existing capabilities by both attracting new talent and by developing employee skills. The Group's talent management programme, along with apprentice, graduate, and post graduate training schemes are key examples of how these challenges are being met.

Risk and Impact	Mitigation
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 programmes to ensure, as far as possible, that they will successfully meet business objectives and customer requirements.
Key suppliers and supply chain management	
The Group relies on its supplier base to deliver products on time and to the standard it specifies. Supply chain risks include failure of a key supplier resulting in interruptions to manufacturing or product delivery schedules, which could impact our relationships with customers.	The Group 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. A Senior Executive is responsible for the IT systems and has a suitably qualified team in support. Critical areas are subject to testing and include rapid recovery as well as sound data back-up procedures. The business invests in new systems to meet users and business requirements and ensure that the IT environment remains resilient.
Pensions	
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.	The Group reviews the options regarding the actions it can take to mitigate its long-term risk and consults professional advisers as necessary.
Cyber security	
A third party may seek to penetrate business systems to access sensitive or valuable information or disrupt services. A prolonged systems outage could lead to significant business disruption. A significant loss of key data could erode competitive advantage through the loss of IP and its recovery could consume significant management resources.	Measures have been taken to secure business systems, and test the recovery of systems. The cyber security risks evolve as the protagonist's motivations and methodologies change frequently. The business keeps abreast of these changes to ensure the security and integrity of its systems remains robust and appropriate to the risks posed, and employs suitably experienced individuals to manage these risks.

Risk and Impact	Mitigation
Compliance	
The Group maintains a keen oversight of the businesses compliance with a number of key pieces of both UK and overseas legislation, this includes UK Anti Bribery and Corruption Act 2010, Modern Slavery Act 2015; Criminal Finance Act 2017, and General Data Protection Regulation 2018. Due to the complex nature of our business, and the fact we operate in a number of overseas jurisdictions there is a perceived risk of stakeholders not fulfilling the far reaching requirement of these extra-territorial items of legislation, and indeed other local pieces of legislation that we are required to comply with. Specifically with GDPR there is a greater financial risk should our long establish data protection policies fail due to the rights afforded to individuals.	Training is provided for all relevant employees to help them understand transactions and behaviour that may fall foul of the UK Bribery Act 2010 and other legislative regimes the company operates under. Relevant employees are trained how to identify behavior such as the solicitation of improper payments and how to avoid these without causing offence or increasing the risk of physical harm or detention. Commission payments which fall outside contractually or commercially agreed parameters are subject to review by management to ensure they are commensurate with the activities undertaken by the associated parties and agreements that we have in place. The Group continues to work with its supply chain to understand the labour inputs, and publishes an annual Transparency in Supply Chain (TISC) report to inform our stakeholders of the controls in place. We work with our supply chain to educate them and inform them of the requirement under this act. We have revised some of our processes to ensure we continue to fulfill all our responsibilities under GDPR, alongside an extensive training programme for our employees. We have undertaken a risk review of both our suppliers and customers to ensure we are not facilitating tax evasion, and updated our policies to provide guidance to employees. Agreements with all relevant stakeholders sets out the Group's requirements of compliance with all applicable legislation.
Terrorism	
As the reach of terrorist organisations expands across the Middle Eastern and North African (MENA) region, and targeted attacks against western interests across the globe increase, there is a risk that terrorism could disrupt the business, whether through employees being caught up in an attack, or disruption to governing of countries within MENA. This could result in a decline in demand for products being sold into these markets, or the risk of operating in key markets becoming unacceptably high such that the business is unable to fulfill key contracts.	Prior to travel in high risk countries, risk assessments are undertaken to manage risks appropriately. The business continues to appraise security and the political situations in the key countries it sells to and considers the viability of contracts or opportunities presented by these changes.

Risk and Impact	Mitigation
Economic and political instability	
Political instability and increased protectionism, including the risks emanating from the uncertainty associated with Brexit are becoming more evident in key global markets. Protectionist measures could impact the import of goods and services and cause a loss of economic confidence in key markets, disrupting business and impacting sales. Also certain regimes have taken to using sanctions to support their foreign policy aims, which can mean access to markets can change rapidly, and differing regimes can take differing views on the level of sanctions; however the ultimate outcome can be the closure of some markets. Within other key international markets there is political instability and swift actions by regional governments and councils can lead to markets becoming unavailable at short notice, however it can also lead to new markets opening up and the business remains responsive to these risks and uncertainties as well as the opportunities these may present.	The Group has a strategic network of entities within differing regions which allows access into these markets. The increasing geographical spread of the Group's operations limits the impact of political or economic upheavals in any particular market on the Group's results as a whole. The Group continues to assess differing compliance requirements within the markets it operates in and ensures that it complies with all regulations. Group management regularly reviews its strategy and adapts the structure of the business to reflect its long term outlook on these matters.
Health and Safety	
The company follows Health and Safety best practice across all its sites, and works with subcontractors to ensure they meet the same high standards, Key Health and Safety risk areas for the Group include construction sites within the development business, manufacturing facilities within plants and foundries, and risks associated with installing switchgear products into power networks and connecting customers to networks.	Relevant employees are provided with training and equipment appropriate for the environments they work in. Regular audits are undertaken of all sites to ensure that health and safety risks are appropriately mitigated. Subcontractors are rigorously vetted to ensure that they meet relevant health and safety requirements. Regular health and safety reports provided by our construction subcontractors. Regular health and safety reports to the Group Board including results from audits, near misses and accidents from all businesses. Employment of Health and Safety experts within the Group.

Corporate Responsibility

Lucy Group is committed to making a positive contribution to the communities in which it operates, and to society overall. We put this into practice in all our locations, working in a socially responsible, ethical and sustainable manner, whilst supporting human rights.

Doing business responsibly brings benefits for wider society and assists our commercial success. Lucy Group goes considerably beyond just complying with its legal requirements in this area. We benchmark our key social responsibilities (relating to customers, employees, communities and other stakeholders, as well as environmental impact) against ISO 26000 guidance.

Human Rights

Respect for human rights is at the heart of our business ethos – we have a detailed Corporate and Social Responsibility Policy and comply with all legislation in this area, such as the UK Modern Slavery Act 2015. This year, all businesses continue to improve their supplier vetting processes including a programme of unannounced audits to provide additional assurance. The Group has rolled out further training to help staff recognise all forms of modern slavery and the necessary action to take if they encounter it. We have refreshed our whistleblowing policy and set up an external confidential helpline to enable staff to raise concerns.

Caring for the Environment

We recognise our responsibility to the planet, understanding that our operations have an effect on the local, regional and global environment. We minimise any impact by seeking continual improvements in our environmental performance and the prevention of pollution. The Group achieves this by complying with environmental legislation and regulations and adopting codes of practice that set the standards of environmental performance. We have policies for all major environmental aspects of our businesses, including energy use, waste production, air emissions, deleterious materials, and resource use. We manage and implement this through our coordinated Environmental Management System.

All of Lucy Electric's major manufacturing facilities are ISO14001:2015 certified – minimising adverse changes to air, water, or land. In some UK locations we measure our carbon footprint and publish the results, and will be rolling this out to other sites. Our factories are situated close to customers, avoiding unnecessary transport, and we have a sustainable waste management strategy. We recycle the paper, cardboard, pallets, wood, and plastics used to build and ship our products, and adhere to packaging regulations. Sub-contractors must also follow our recycling and disposal regulations.

We have achieved 0% landfill in our Lucy Electric UK Thame site in 2018 and the latest CEMARS certification recognises the Thame site as being a carbon reducer for the last seven years running. In Thailand we won the Waste Management 3Rs (reuse, reduce, recycle) and Zero Waste to Landfill awards from the Ministry of Industry and the Eastern Economic Corridor waste management project.

Sustainability

We have established a culture of energy management and saving at Lucy Group – designing products that are as energy efficient and environmentally friendly as possible. Lighting controls from Lucy Zodion that reduce customers' energy use by up to 40% and Lucy Electric Gridkey products that monitor and manage energy use, are examples of this.

We are assisting the move to electric-powered transport. Lucy Castings are producing components for electric vans and buses and Lucy Electric GridKey continues to be involved in the 'Electric Nation' project to facilitate widespread use of electric vehicles.

1 Lord Lieutenant visit - Thame
2 Apprentice open day

Lucy Real Estate's sustainability plan for its rental properties includes installing energy-saving measures such as double glazing, insulation and energy efficient heating systems to help reduce greenhouse gas emissions; its new-build projects now routinely include photo voltaic solar panels and electric car charging points. It is also increasing biodiversity by establishing wildlife gardens in some of its properties.

Lucy Electric's solar farm on its UK headquarters supplies some 30% of the energy required for the site's operation. There is a similar pilot scheme running in India and we are considering rolling this technology out across other sites.

We reduce unnecessary energy usage by fitting sensors or using "Switch off" stickers on all light switches where sensors cannot be used. Other measures include using air-conditioning units that comply with FGas regulations and fitting energy efficient light bulbs in UK sites and PIR lights in Dubai. In Thailand we monitor and conserve energy in conjunction with the Industrial Estate Authority. By monitoring electricity and water consumption we ensure we create the lowest possible waste.

Lucy Electric has completely eliminated the use of polystyrene and single use plastic packaging internally and throughout its supply chain. .Across Lucy Group we are working hard to reduce our use of other plastic – such as removing plastic cups and providing mains' drinking water fountains. Our staff in Dubai have joined a global movement to dramatically reduce plastic use and improve recycling.

Our People

Our greatest asset is our people. We are committed to engaging with our employees to create a working environment in which everyone feels valued and can achieve their potential. Accordingly, we comply with all legal requirements, embedding equality and diversity across our operations and basing employment decisions on job competences and merit. These principles have been translated into easily accessible policies, which are widely promoted on our intranet, and by other methods, to all colleagues. It is central to our ethos that all employees treat each other with respect, regardless of their race, disability, ethnicity, gender (including transgender), age, sexual orientation or beliefs. Staff are urged to report any concerns immediately in accordance with our whistleblowing policy.

During 2018 we have been engaged in a Group-wide process to establish a set of Lucy Group values. A survey asking all staff for their views on what these should be elicited a response from over 70% of employees. The resulting set of Group Values were launched in early 2019.

Employee Welfare

Lucy Group prides itself on supporting its employees to ensure their welfare and to provide chances for development, resulting in a committed and productive team of people. Amongst the many opportunities we offer are training, including support for additional studies and qualifications, English lessons for those working on sites around the world and, in the UK, an Employee Assistance Programme providing confidential help for both personal and work related issues.

We provide just and equitable employment policies as appropriate in each country where our employees work, following the principles of fair employment and complying with relevant government programmes for recruitment of local staff. This includes employing a high percentage of Saudi Nationals in Saudi Arabia and being certified under the black empowerment legislation in South Africa.

3

3 King's birthday celebration in Thailand

1

We resolve conflict through understanding differences and determining the most appropriate course of action with all parties involved. Our on-going programme of monitoring and reviewing our pay system ensures an equitable pay system that seeks to be free from discrimination.

Health and Safety

Lucy Group takes safety extremely seriously, having robust policies and a team of Health and Safety specialists, supported by local managers and safety coordinators. This team monitors the safety status of our sites across a range of attributes to target improvement actions and circulates the results locally and to the Board. Our Health and Safety team also provides regular advice and practical help to all staff via our intranet, face to face meetings and printed materials.

Lucy Electric has secured H&S ISO 18001certification across its established manufacturing sites and is progressively bringing new sites on stream. We are reviewing accreditation in our other businesses.

There has been a number of local health and safety awareness meetings and initiatives this year. These included stress management workshops in Dubai, National Health Day in Brazil, National Safety Week in India as well as the installation of a fully Automated External Defibrillator (AED) at Lucy Zodion in the UK. There is also an ongoing training for all those travelling on business, including a safety check list, risk awareness and health management information.

Working with the community

Lucy Group works closely with the communities in areas in which it operates – we have corporate responsibility contacts in all our locations, who assist with our participation in key areas of local life. We aim to make a positive contribution where we can.

We are active members of local Chambers of Trade in the UK and engage with National, Regional and Local authorities worldwide.

In Oxford, UK, during 2018 we again took part in Oxford Open Doors, opening our office to visitors who wished to learn about our history. We also sponsored a large number of local community events in Oxfordshire, including, amongst many others, a canal festival, a swimming gala for disabled children and a Christmas light display.

In Thame, UK, we also hosted a visit by the Lord Lieutenant of Oxfordshire, his deputies and other dignitaries. The Lord Lieutenant represents HM Queen Elizabeth II in Oxfordshire, undertaking ceremonial and other duties to support the community.

Improving life chances

This year our Chairman Richard Dick was appointed as a Trustee of Aspire, Oxford, UK

Aspire runs its own social businesses offering professional facilities management services, creating work placements and employment opportunities for local people who face barriers to securing meaningful employment

Richard Dick has a strong interest in, and has supported, a number of initiatives to help those from disadvantaged sectors of society get back on track.

Lucy Group has strong links with local schools and colleges in our business locations throughout the world. We get involved with events such as careers' fairs and talks, as well as offering internships, work experience, work programmes and thesis support.

In India, we support Kota Maida village school close to our factory near Vadodara and are in the midst of a long-running project to refurbish it, which continued in 2018. In addition there have been donations of school uniform to those too poor to buy it this year, thanks

1 Cleaning the local Wat Khao Boat temple in Thailand

to John Elliott, a former head of CSR at Lucy Electric who requested that colleagues donate to the school rather than buy him a leaving gift.

We also have a long term partnership with an Engineering College - Birla Institute of Technology and Science (BITS) - in Dubai. We have a 5 month internship programme with the college and have employed many of our former interns on completion of their studies

STEM

In 2018 Lucy Electric was again proud to receive the Silver Award from Science Oxford, which runs the STEM (Science Technology Engineering & Maths) studies' world of work programme, offering opportunities for students to see how their studies relate to real life situations.

Apprentices

Lucy Group refreshed its apprenticeship scheme in 2018. The scheme offers young adults the opportunity to study and gain real world work experience and allows Lucy the opportunity to foster talented individuals and let them excel within the organisation

This new scheme has been extended beyond engineering apprenticeships into many other areas, including Finance, IT, HR and Legal.

Our apprentices have enjoyed much success in 2018, including Lucy Electric's George Kingston-Rayes in the UK who won the Freeman City of Oxford Apprentice of the Year Award. George is currently working to complete an HNC in Electrical and Electronic Engineering funded by the company.

The High Sherriff of Oxfordshire Young Engineer Awards 2018

In the UK, the High Sheriff's Young Engineer Awards (HSYEA) – set up in 2009 by our Chairman Richard Dick when he was High Sheriff – celebrates and recognises the technical skills and achievements of young people throughout Oxfordshire's schools, colleges and workplaces.

Designed to inspire and reward the next generation of creative thinkers and problem solvers, this year's awards were presented in a ceremony hosted by Lucy Electric Thame.

Charitable giving

Many staff volunteer their time and energy to raise money for charity through various activities. This year has seen some amazing achievements, with our people running, walking, motorbike riding, hiking, biking, kayaking, mountain climbing, baking (and eating) cake, wearing Christmas jumpers and walking on hot coals (literally) to raise money for various good causes.

Helping others and ourselves

We are immensely proud of the amount of altruistic, sporting and leisure activities that Lucy Group staff took part in this year, with just a few highlights listed below:

- This year's blood donation camp in India took place in association with Arpan Thalassemia Society Nashik and Sahyadri Super Speciality Hospital Nashik. A record 125 bags of blood were donated.
- In South Africa, employees visited the children at the Kuierkidz Learning Centre to put into action the Mandela Day principle that each individual has the power to transform the world.

2

3

2 High Sheriff of Oxfordshire Young Engineer Award winners
3 Kota Maida village school, India

- Lucy Castings gave hedgehog, insect, bird houses and feeders as well as a supply of food to local primary schools in the UK to encourage, inspire and educate the children about the importance of wildlife to the environment.
- Many employees from Dubai joined the Walk for Education to raise awareness of the millions of children in developing countries who walk long distances every day to go to school. This year staff in Dubai sponsored two children who suffer from diabetes. The sponsorship pays for ongoing medical care and support for these two children
- Employees in Brazil donated to provide warm clothes to support local children and families that struggle in the winter when temperatures can drop to 32° F (0°C.)
- Many have been touched by the terrible floods suffered by so many in Kerala. Our Indian staff pledged to give one third of its CSR budget to the Chief Ministers Relief fund for Kerala state. Employees in Dubai also made a big donation and sacrificed their Onam celebrations to pass on the proceeds to this cause. Onam is a 4 day festival primarily observed in Kerala to celebrate the harvest.
- In Thailand a work party supported the local community by cleaning a local temple Wat Khao Boat in Rayong province, and employees also made a donation to help with future temple maintenance costs.
- A team of staff in India ran the Nashik Police Marathon for the first time. This annual event is designed to reduce road accidents and promote good neighbourly behaviour.
- Across the UK Lucy staff created collection points for local foodbanks who provide three days' emergency food and support to local people in need.
- Employees in Malaysia participated in the 5km Protector Charity Night Run 2018.
- In the spring of 2018 a team of employees in Thame UK took part in the Snowdon Triple Challenge. Cycling, Walking and Kayaking, together with 'Movember' later in the year, raised over £4k for charity raising awareness for men's health issues.
- Staff in Thame have been very active in the community, supporting the local high school with sponsorship, careers advice, and work experience opportunities. Employees have also volunteered with the Thame rotary club to take part in community projects around the town.

1 Kuierkids Learning Centre, South Africa
2 Snowdon Challenge, UK
3 Protector Charity Run, Malaysia
4 Walk for Diabetes, Dubai

Directors' Responsibilities

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with the 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 Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group financial statements, provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

The Directors confirm that the financial statements comply with the above requirements.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, and as regards the Group financial statements Article 4 of the IAS Regulations. They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities Statement

We confirm to the best of our knowledge that;

a) the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Group; and

b) the strategic report contained in this annual report includes a fair review of the developments and performance of the business and the position of the company and the Group, together with a description of the principal risks and uncertainties that they face; and

c) the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

13 March 2019

Report of the Directors

The Directors present their report on the affairs of the Group, together with the audited accounts for the year ended 31 December 2018.

Directors

The present membership of the Board is set out below:

C. R. Dick	Executive Chairman
G. D. Ashton	Group Finance Director
M. Laxton	Executive Director and Company Secretary
J. C. Finch-Dick	Executive Director
R. I. Dick	Non-Executive Director and Chairman of Audit Committee
P. A. J. Latham	Non-Executive Director and Chairman of Remuneration Committee

Financial results

The financial results can be found in the Consolidated Accounts and Parent Company Accounts sections of this report.

Dividends

The Board recommends an unchanged final dividend of 121p per share which, taken together with the 2018 interim dividend, gives a payment of 209p per share (2017: 209p). This dividend will be payable on 3rd May 2019, subject to Shareholder agreement, to shareholders on the register on 31 March 2019. There was no special dividend paid to shareholders in the year (2017: nil). The following charts show dividend payments paid and proposed over the last 10 years and dividend performance (excluding special dividends) compared with the retail price index over the same time period.

Investment Property

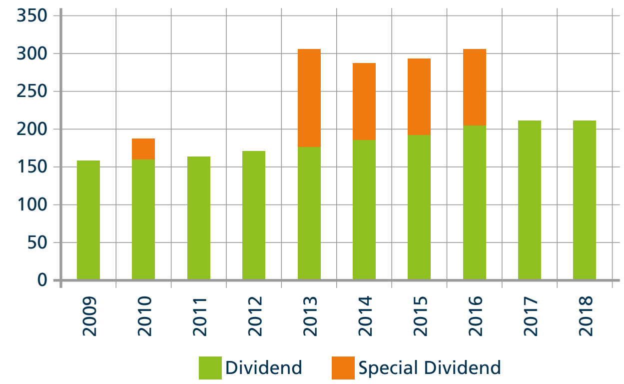
The Group's investment property is included in the statement of financial position at fair value, after taking independent professional advice.

Property occupied by the Group

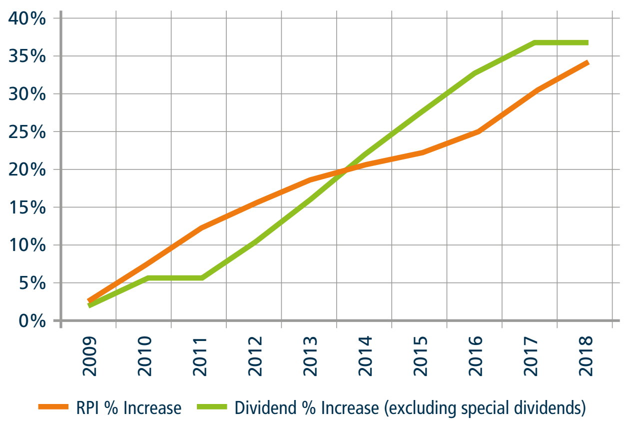
Properties that are occupied by the Group for its trading purposes are included in the balance sheet at book value, and the Directors are of the opinion that the fair value of these properties is similar to their book value.

Balance of Directors

Dividends paid and proposed



Dividends paid and proposed



Richard Dick
Chairman

Gary Ashton
Group Finance Director

Madeline Laxton
Executive Director & Company Secretary

Robert Dick
Non-Executive Director

Pippa Latham
Non-Executive Director

Jonathan Finch-Dick
Executive Director

Future Developments

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 them regarding the development of the business.

Employment policies are designed to respect employees' 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.

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.

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.

Financial Instruments

For information on the Group's use of financial instruments, including financial risk managements, objectives and policies of the Group, and the exposure of the Group to certain financial risks, see note 27 on page 70.

Donations

Total charitable donations during the year were £41.0k (2017: £39.2k). These comprised £37.1k for community projects (2017: £36.5k), £0.6k for educational projects (2017: £2.0k) and £3.3k for other projects (2017: £0.7k). No political contributions were made (2017: Nil).

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 Auditor in connection with preparing their report) of which the Company's Auditor is 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 Auditor is aware of that information.

Auditor

Wenn Townsend have expressed their willingness to continue in office as Auditor 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

13 March 2019

Corporate Governance

Guiding Principle

The Board recognises that sound corporate governance principles help to safeguard the business and its long-term success by embedding best practice in transparency, internal control and risk management across the Group's businesses, and engendering trust between the management and our stakeholders.

The Board of Directors

The Board of Directors has a duty to promote the long-term success of the Company for its shareholders. It is responsible for major policy decisions and setting the Group's strategy, 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.

Board Committees

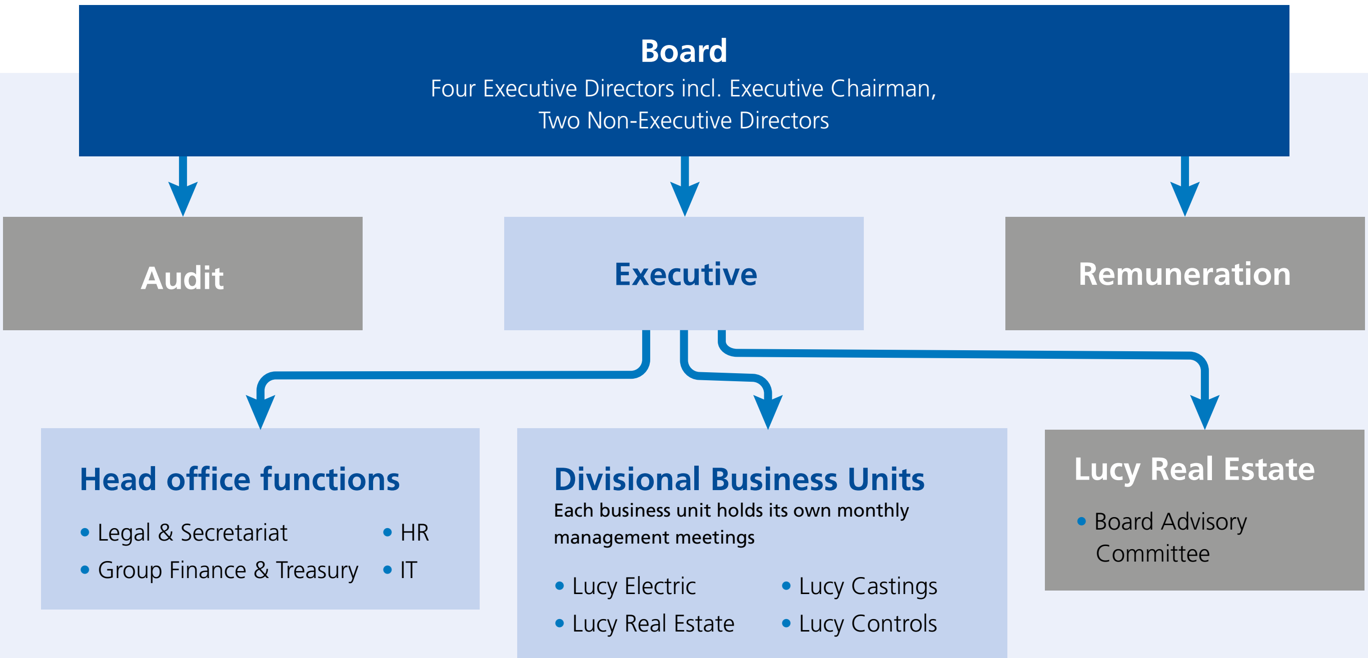
The Board has three committees: an Audit Committee, a Remuneration Committee and a Real Estate Committee with formal written terms of reference which are reviewed periodically. The Audit and Remuneration committee is comprised of Non-Executive Directors which operate in accordance with the agreed terms of reference for each committee.

The Audit Committee comprises two Non-Executive Directors and meets on at least two occasions per year and consults with external auditors, senior management and Internal Audit. The Committee reviews the effectiveness of the risk management controls which are managed operationally by the Executive Board. Significant risk issues are considered by the whole Board. 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. Finally the Committee manages the internal audit process with the support of the Head of Internal Audit.

The Remuneration Committee comprises two Non-Executive Directors and the Executive Chairman. That Committee's objective is to review and set a competitive level of remuneration for the Executive Directors.

The Lucy Real Estate Committee has responsibility for the Group's strategy on property management, refurbishment and development. It oversees the Group's strategy on maintaining and refurbishing its existing property portfolio with the objective of maintaining and enhancing the underlying value of the company's property asset base. This Committee comprises at least five members including members of the Board as well as the Head of Lucy Real Estate.

Governance Framework



Information and Development

Directors are encouraged to update and refresh their skills, knowledge and familiarity with the Group by attending external seminars, participation at meetings and through visits to operating units both in the UK and overseas as well as receiving presentations from senior management. This is in addition to the access that every Director has to the Company Secretary.

Board committees and Directors are given access to independent professional advice at the Group's expense if they deem it necessary in order for them to carry out their responsibilities.

Directors receive a pack of relevant and timely information on the matters to be discussed at each meeting. The Board uses third party software which enables faster and more secure distribution of information whilst avoiding the need to circulate paper copies, minimising our impact on the environment. The Company Secretary ensures timely information flows within the Board and its committees and between the Executive management and the Non-Executive Directors.

At Board meetings:

- The Executive Chairman presents an update on the business issues across the Group
- The Group Finance Director presents a detailed analysis on financial performance
- The Group Executive Director responsible for HR presents an update on people issues across the Group
- Business unit heads and other senior managers attend relevant parts of Board meetings in order to make presentations on their area of responsibility, providing updates on the developments and changes to the business
- Updates are provided on the key regulatory and legal issues that affect the Group

Between Board meetings Directors also meet with business unit management and are provided with information in a timely manner on matters affecting the business as and when relevant.

The table below sets out the number of meetings of the Board during the year.

Board Meeting dates 2018

JAN	MAY ✓	SEP
FEB	JUN	OCT ✓
MAR ✓	JUL ✓	NOV ✓
APR	AUG	DEC ✓

Internal Control and Risk Management

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 misstatement 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.

The Company has a formal Whistleblowing Policy in place through which employees can raise genuine concerns of possible wrongdoing in confidence, to the Company Secretary.

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. In accordance with Group policy the lead audit partner was rotated last year to maintain an appropriate degree of rigour and independence and this rotation will continue to occur periodically.

Going Concern

The Directors report that, having reviewed current performance and forecasts, 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.

Relations with Shareholders

Maintaining a dialogue with and promoting the interests of shareholders remains a key priority of the Board. 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. The Company makes constructive use of its Annual General Meeting, and shareholders attending in person have an opportunity to ask questions or represent their views at the meeting.

By order of the Board

Madeline Laxton
Company Secretary

13 March 2019

Independent auditors' report to the shareholders of Lucy Group Ltd

Opinion

We have audited the financial statements of Lucy Group Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Group and Parent Company Statements of Financial Position, the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows, the Group and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS101 'Reduced Disclosure Framework'.

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 31 December 2018, and of the Group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx.

This description forms part of our auditor's report.

Use of our report

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.

Ajay Bahl, BA, FCA
(Senior Statutory Auditor)

For and on behalf of Wenn Townsend Chartered Accountants and Statutory Auditors

30 St. Giles
Oxford
OX1 3LE

13 March 2019

Consolidated Income Statement
for the year ended 31st December 2018

	Note	2018	2017
		£000	£000
Revenue	3	**171,601**	**175,754**
Cost of sales		(131,569)	(126,810)
Gross profit		**40,032**	**48,944**
Selling and distribution costs		(26,447)	(25,660)
Administrative expenses		(11,119)	(11,010)
Research and development costs		(9,445)	(10,943)
Other operating income/expenses		5,858	5,353
Exceptional items	5	(1,046)	(530)
Operating (loss) / profit before net valuation gains on investment property	4	**(2,167)**	**6,154**
Net valuation gains on investment property		3,041	4,823
Operating profit after net valuation gains on investment property		**874**	**10,977**
Finance income	7	667	508
Finance costs	7	(1,230)	(1,625)
Profit before taxation		**311**	**9,860**
Tax expense	8	(500)	(1,274)
(Loss) / profit for the year		**(189)**	**8,586**
Dividends	10	(1,028)	(999)
Retained (loss) / profit for the year		**(1,217)**	**7,587**
Profit for the year attributable to:			
Non-controlling interest		(317)	(158)
Owners of the parent		(900)	7,745
		(1,217)	**7,587**
Earnings per share	9	**26p**	**1,778p**

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

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2018

	2018	2017
	£000	£000
(Loss) / Profit for the year	**(189)**	**8,586**
Other comprehensive income:		
Items that will not be reclassified subsequently to the Income Statement:		
Remeasurement of defined benefit pension scheme	(1,836)	5,930
Taxation relating to remeasurement of pension scheme	514	(982)
Items that will subsequently be reclassified to the Income Statement:		
Change in cash flow hedges	(230)	667
Fair value change in net investment hedge	(873)	2,466
Currency translation differences	274	(3,827)
(Loss) / gain on revaluation of available for sale investments	(116)	81
Total comprehensive income for the year, net of tax	**(2,456)**	**12,921**
Total comprehensive income for the year attributable to:		
Non-controlling interest	(317)	(158)
Owners of the parent	(2,139)	13,079
	(2,456)	**12,921**

Consolidated Statement of Financial Position

as at 31st December 2018

	Note	2018	2017
		£000	£000
Assets			
Non-current assets			
Goodwill	11	3,071	3,071
Other intangible assets	12	1,632	870
Property, plant and equipment	13	33,176	31,113
Investment property	14	144,710	141,577
Other long-term financial assets	16	1,639	1,764
Other receivables	19	252	467
Deferred tax assets		498	1,426
Non-current assets		**184,978**	**180,288**
Current assets			
Inventories	18	46,991	35,901
Trade and other receivables	19	45,197	44,507
Derivative financial instruments	20	-	672
Cash and cash equivalents		15,270	13,730
Current assets		**107,458**	**94,810**
Total assets		**292,436**	**275,098**
Liabilities			
Non-current liabilities			
Provisions	21	9,566	8,745
Pension and other employee obligations	25	6,053	3,544
Borrowings	26	31,958	16,624
Trade and other payables	23	4,626	3,871
Deferred tax liabilities	24	13,792	13,533
Other liabilities	23	1,197	-
Non-current liabilities		**67,192**	**46,317**

	Note	2018	2017
		£000	£000
Current liabilities			
Trade and other payables	22	32,866	34,391
Current tax liabilities	22	4,068	3,571
Derivative financial instruments	20	983	-
Current liabilities		**37,917**	**37,962**
Total liabilities		**105,109**	**84,279**
Net assets		**187,327**	**190,819**
Equity			
Share capital	28	492	492
Other reserves	29	(916)	(76)
Profit and loss account		187,877	190,266
Equity attributable to owners of the parent		**187,453**	**190,682**
Non-controlling interest		(126)	137
Total equity		**187,327**	**190,819**

Approved by the Board of Directors on 13 March 2019 and signed on its behalf.

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

Consolidated Statement of Cash Flows

for the year ended 31st December 2018

	2018	2017
	£000	£000
Cash flows from operating activities		
Operating profit before net valuation gains on investment property	(2,167)	6,154
Depreciation and amortisation	5,847	5,517
Other expense	52	(735)
Currency revaluation	(1,691)	2,804
Operating cash flow before changes in working capital, interest and taxes	**2,041**	**13,740**
Increase in inventories	(9,879)	(4,309)
Decrease / (increase) in trade and other receivables	1,272	(6,942)
Increase / (decrease) in trade and other payables	911	(937)
Increase / (decrease) in provisions	778	(542)
Change in derivative financial instruments	1,655	(4,608)
Cash generated from operating activities before interest and tax	**(3,222)**	**(3,598)**
Interest received	26	62
Interest paid	(641)	(444)
Tax	(580)	(260)
Net cash from operating activities	**(4,417)**	**(4,240)**
Investing activities		
Capital Expenditure	(6,207)	(4,742)
Proceeds from disposal of property, plant and equipment	1	73
Acquisition of subsidiaries, net of cash acquired	(1,918)	(518)
Proceeds from disposal and redemption of non-derivative financial assets	285	125
Purchase of non-derivative financial assets	(277)	(190)
Net cash used in investing activities	**(8,116)**	**(5,252)**
Free cash flow	**(12,533)**	**(9,492)**
Financing activities		
Cash inflow / (outflow) from borrowings	15,101	6,855
Dividends paid	(1,028)	(999)
Net cash from / (used in) financing activities	14,073	5,856
Net change in cash and cash equivalents	**1,540**	**(3,636)**
Cash and cash equivalents, beginning of year	13,730	17,366
Cash and cash equivalents, end of year	**15,270**	**13,730**

Consolidated Statement of Changes in Equity

for the year ended 31st December 2018

	Share capital	Capital reserve	Currency reserve	Net investment hedge reserve	Cash flow hedge reserve	Retained earnings	Attributable to owners of parent	Noncontrolling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1st January, 2018	**492**	**14**	**(473)**	**378**	**5**	**190,264**	**190,680**	**138**	**190,818**
Opening balance adjustments	-	-	-	-	-	4	4	-	4
Profit for the year	**-**	**-**	**-**	**-**	**-**	**128**	**128**	**(317)**	**(189)**
Other comprehensive income									
Foreign currency translation	-	-	274	-	-	-	274	-	274
Loss on revaluation of available for sale investments	-	-	-	-	-	(116)	(116)	-	(116)
Change in cash flow hedges	-	-	-	-	(230)	-	(230)	-	(230)
Fair value change in investments	-	-	-	(873)	-	-	(873)	-	(873)
Actuarial gain on post retirement liability, net of deferred tax	-	-	-	-	-	(1,322)	(1,322)	-	(1,322)
Total comprehensive income	**-**	**-**	**274**	**(873)**	**(230)**	**(1,310)**	**(2,139)**	**(317)**	**(2,456)**
Dividends	-	-	-	-	-	(1,028)	(1,028)	-	(1,028)
Change in partial interest in subsidiary	-	-	-	-	-	(53)	(53)	53	-
Reclassifications	-	(11)	-	-	-	-	(11)	-	(11)
At 31st December, 2018	**492**	**3**	**(199)**	**(495)**	**(225)**	**187,877**	**187,453**	**(126)**	**187,327**
At 1st January, 2017	**492**	**14**	**3,293**	**(2,088)**	**(662)**	**177,551**	**178,600**	**296**	**178,896**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**8,744**	**8,744**	**(158)**	**8,586**
Other comprehensive income									
Foreign currency translation	-	-	(3,827)	-	-	-	(3,827)	-	(3,827)
Gain on revaluation of available for sale investments	-	-	-	-	-	81	81	-	81
Change in cash flow hedges	-	-	-	-	667	-	667	-	667
Fair value change in investments	-	-	-	2,466	-	-	2,466	-	2,466
Actuarial loss on post retirement liability,net of deferred tax	-	-	-	-	-	4,948	4,948	-	4,948
Total comprehensive income	**-**	**-**	**(3,827)**	**2,466**	**667**	**13,773**	**13,079**	**(158)**	**12,921**
Dividends	-	-	-	-	-	(999)	(999)	-	(999)
Reclassification	-	-	61	-	-	(61)	-	-	-
At 31st December, 2017	**492**	**14**	**(473)**	**378**	**5**	**190,264**	**190,680**	**138**	**190,818**

Principal accounting policies

Basis of preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'), and also comply with IFRSs as issued by the International Accounting Standards Board (IASB).

They are prepared on a historical cost basis, except that assets and liabilities of certain financial instruments, defined benefit pension plans, value of assets acquired in business combinations and investment property are valued at fair value.

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below;

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2018. Subsidiaries are entities controlled by the Group. Subsidiary companies that have an accounting reporting date other than 31 December prepare additional financial statements to 31 December for consolidation purposes. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used in line with those used in the Group. All transactions and balances between Group companies are eliminated on consolidation.

Business combinations are accounted for using the acquisition method, as at the acquisition date, being when control is transferred to the Group. Goodwill is measured at the acquisition date as the fair value of consideration transferred less the net recognised amount of the identifiable assets acquired and liabilities assumed. Where the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquired is added to the fair value of consideration in calculating goodwill. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Foreign currency translation

The consolidated financial statements are presented in currency £ Sterling, which is also the functional currency of the Parent Company.

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. 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 income statement. Exchange differences arising in the normal course of trading are taken to the income statement.

Revenue

Group revenue arises from the sale of various goods and services. It is measured at the fair value of consideration received or receivable, excluding sales taxes and net of returns, trade discounts, penalties and volume rebates. Revenue is recognised when control of the products has transferred to the customer. Detail on the Group's main revenue streams are described in detail below.

Product sales:

The Group manufactures and sells a range of electrical and castings products. Revenue is recognised at the point in time control of the goods is passed to the customer, which is usually indicated by one of the following factors; physical possession of the goods are taken by the customer; legal title passing to the customer; and the risks and rewards of ownership being passed to the customer. Revenue is recognised based on the sales price specified in the contract. The sales price is adjusted for any variable consideration, including volume rebates.

Services and consultancy sales:

Revenue from services provided to customers is recognised in the period to which the services are provided. Revenue is measured based on progress toward completion which is updated as circumstances change.

Long term projects:

Revenue from sales of long term and construction projects are reviewed and the relevant performance obligations identified as being distinct promises to transfer goods or services to the customer. Revenue for each performance obligation is recognised once it has been satisfied. For long term construction contracts revenue is typically recognised over the life of the contract by measuring progress towards completion of each performance obligation. Such measurements are regularly reviewed throughout the life of the contract, with any resulting increase or decrease in revenue reflected in profit and loss in the period in which such changes are identified.

Property development sales:

Revenue from the sale of residential properties is recognised when the risks and rewards have been transferred to the customer and Lucy no longer has any managerial role over the properties to be sold. This usually occurs on passing of legal title to the customer. Revenue is only recognised over time, rather than at the point in time when control is passed, in circumstances where the development has no alternative use to the Group and the Group has a right to payment from the customer for the work completed to date. Revenue is measured at the transaction price as agreed in the contract.

Rental income:

The Group earns rental income from operating leases of its investment properties. Rental income under an operating lease is recognised on a straight-line basis over the lease term at amounts stipulated in the contract with the customer.

Block management services:

Revenue from management services is recognised over the period in which the services are performed at amounts stipulated in the contract with the customer.

Royalty income:

Revenue from royalty income related to the licensing of intellectual property is recognised once the associated sale has occurred.

Warranties:

Warranties are commonly provided to customers as part of the sales contract. An assessment of warranties is made to determine whether it is a service warranty (and therefore accounted for under IFRS 15) or an assurance warranty (and therefore accounted for as a provision under IAS 37) based on; whether the warranty is required by law, the length of the warranty cover period and the nature of the work promised to be performed by the Group. The majority of the Groups warranties are assurance warranties, which are provided for in accordance with IAS 37 Provisions.

Costs to obtain contracts:

The Group recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, for example sales commission.

Costs to fulfil contracts:

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance, for example inventory, intangible assets or property, plant and equipment, then the Group recognises the costs to fulfil the contract as an asset if the fulfilment costs meet the capitalisation criteria.

Practical expedients:

The group has elected to make use of the following practical expedients available in IFRS 15:

- Completed contracts before 1st January 2018 have not been reassessed.
- Contract costs incurred relating to contracts with an amortization period of less than one year have been expensed as incurred.
- Not to disclose information about remaining performance obligations that have expected durations of less than one year, including amounts of transaction price allocated to remaining performance obligations.

Operating Expenses

Operating expenses are recognised in profit or loss as incurred and are classified according to their nature.

Cost of sales comprises material, labour, manufacturing and service expenses, sub contract services, installation, commissioning, warranty and rectification costs. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

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's General Manager and the board.

Borrowing Costs

Interest costs that are directly attributable to the development of investment properties are capitalised as part of the cost of those assets. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is assessed for impairment annually or as a relevant triggering event occurs. For impairment testing purposes goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is impaired when its carrying amount exceeds its recoverable amount, the recoverable amount being the higher of the value in use and the fair value less cost to sell.

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 £630.2k. On disposal of a business, the gain or loss on disposal includes the goodwill previously written off on acquisition.

Impairment losses are recognised in the income statement.

Intangible assets

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost of the asset on a straight line basis over the life of the asset. The residual value, if significant, is reassessed annually.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the income statement within other income or other expenses.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, should only be capitalised if the following criteria is satisfied;

- It is technically feasible that the development can be completed and the resulting intangible asset be available for use or sale
- It is intended to complete the development and use or sell the resulting intangible asset
- It is possible to use or sell the intangible assets
- The intangible asset will generate future economic benefits
- Adequate technical, financial and other resources are available to complete the intangible asset and use or sell it
- The benefits derived from the intangible asset are expected to last more than 2 years
- The cost of development of the intangible asset is greater than £500k

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less any accumulated depreciation and accumulated impairment losses. Cost includes purchase price and construction costs, together with borrowing costs for qualifying assets. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost, less estimated residual value, over their estimated useful lives, using the straight-line method, for the following class of assets:

• Freehold buildings	Straight line over expected useful life
• Leasehold premises	Term of the lease, not exceeding 50 years
• Leasehold improvements	Not exceeding the term of the lease
• Plant and equipment	4 – 15 years
• Fixtures and fittings	3 – 10 years
• Computer equipment	4 years
• Computer software	3 years
• Motor vehicles	4 years

The estimated useful lives of property, plant and equipment and their residual values are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the relevant period.

Assets under £1,000 (or foreign currency equivalent) are expensed as incurred.

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Costs are recognised as an expense on a straight-line basis over the lease term. The leasehold premises are depreciated over the term of the lease, not exceeding 50 years.

Investment Property

Investment property is valued annually and is included in the financial statements at fair value after taking appropriate professional advice. Changes in fair value are recognised in the income statement.

No depreciation is provided in respect of investment property.

Financial Instruments

Financial assets and liabilities are recognised in the balance sheet when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial assets into one of three categories; i) amortised cost, ii) fair value through other comprehensive income ("FVOCI") and iii) fair value through profit or loss ("FVTPL"). The Groups' business model for managing the assets and their cash flows determines which classification is applied to each financial asset. Assets held under the 'held to collect' business model are classified at amortised cost, those 'held to collect and for sale' at FVOCI and assets held under any other business model to the above are classified at FVTPL. The following table shows the classification of the common assets the Group holds:

Financial asset	Classification
Cash and cash equivalents	Amortised cost
Trade and other receivables	Amortised cost
Interest bearing loans and borrowings	Amortised cost
Other long term financial assets	FVOCI

Upon adoption of IFRS 9 the Group made an irrevocable election to classify marketable security investments as FVOCI, as they are held as strategic investments rather than held for trading.

Financial assets classified at FVOCI are initially recognised at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising on changes in fair value being recognised in other comprehensive income.

Financial assets classified at FVTPL are initially and subsequently measured at fair value, with gains and losses arising on changes in fair value being recognised in the income statement.

Financial assets held at amortised cost are initially measured at fair value, subsequently measured at amortised cost less any impairment. A loss allowance is recognised for assets measured at amortised cost. Impairment is measured at an amount equal to the 12 month expected credit losses, lifetime expected credit losses or any changes in expected credit losses, depending on the nature of the asset.

Trade receivables

Trade and other receivables are a financial asset and are recognised when the Group becomes party to the contractual benefit of the asset. Trade receivables are generally categorised as being held at amortised cost under the criteria of IFRS 9. They are initially measured at fair value and subsequently measured at amortised cost less any impairment.

The Group recognises a loss allowance at an amount equal to the expected lifetime credit losses if they are short term. Trade and other receivables are assessed by the Group at initial recognition and the expected lifetime credit loss provided for based on current available data, such as customer payment history and forward looking data such as the current economic environment.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently they are carried at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Investments

Other investments are measured at cost and are subject to impairment. Investments in equity securities are classified as available-for-sale financial assets and are initially measured at cost which is considered to equal fair value. Subsequently such investments are measured at fair value and changes therein are recognised in other comprehensive income.

Trade payables

Trade payables are measured at fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

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.

The Group uses derivative financial instruments, primarily interest rate, currency and commodity (copper) swaps to manage interest rate, currency and commodity risks associated with the Group's underlying business activities and the financing of these activities.

The Group has a policy not to, and does not undertake any speculative activity in these instruments.

Recognition and Measurement

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments are formally documented at the initial designation of the hedge, the documentation describes the relationship between the hedged item and hedging instrument, risk management strategy and the method for assessing hedge effectiveness.

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 in the consolidated accounts that contain both the investments and the hedging instrument.

Cash flow hedging

Derivative financial instruments classified as cash flow hedges are those that hedge the Group's variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. These include interest rate swaps, commodity (copper) swaps, forward foreign exchange transaction swaps, forward foreign exchange transactions and options.

Net Investment hedging

A net investment hedge of the foreign currency exposure arising from a net investment in a foreign operation using a derivative and/or non-derivative financial item as the hedging instruments.

Risk management policies

Interest rate risk

Interest rate risk arises on the group's variable rate 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 risks

Foreign currency transaction risks typically arise because the Group's sales and purchase in foreign currencies. The Group's policy is to substantially hedge its forecasted net currency exposure using forward currency contracts and options in order to protect forecast gross margins one year ahead.

Non Current Assets Held for Sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Inventories

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 based on information supplied by local property consultants.

Income Taxes

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.

The Group has elected to take advantage of the RDEC introduced in the Finance Act 2013. A company may surrender corporation tax losses on research and development expenditure incurred on or after 1 April 2013 for a corporation tax refund. Relief is given as a taxable credit on 11% of qualifying research and development expenditure. The Group recognizes research and development expenditure credit as an item of other income, taking advantage of the 'above the line' presentation.

Government grants

Government grants are initially recognised in the Statement of Financial Position as deferred income, or for grants related to assets only, by deducting the grant in arriving at the carrying amount of the assets when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received.

Subsequently, deferred income is released to the Income Statement on a systematic basis as the cost that the grant is intended to compensate is expensed.

Cash

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months. Short-term highly liquid investments are measured at fair value.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Equity and Reserves

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Post Employment Benefits

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

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 pension cost of the defined benefit scheme is charged to the income statement so as to spread the cost of pensions over employees' working lives with the Group.

Defined contribution schemes include a Group Personal Pension plan, including auto enrolment. The pension costs of these schemes are charged as incurred.

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

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Significant Management Judgement in Accounting Policies

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Revenue recognition

IFRS 15 requires significant judgements and estimates related to determining performance obligations within contracts with customers. Assumptions are also required in relation to determining appropriate measures of progress towards completion and how and when control of goods or services is transferred to the customer.

Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Development expenditure

Distinguishing the research and development phases of a new project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Deferred Tax

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Investment properties are valued using appropriated professional advice.

Notes to the accounts

1. Accounting policies and presentation

Basis of preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'), and also comply with IFRSs as issued by the International Accounting Standards Board (IASB).

New and amended standards which became effective during the year

IFRS 15 replaced existing revenue standards (IAS 11, IAS 18 and all revenue-related interpretations) from 1st January 2018. Lucy Group has adopted the modified retrospective approach where the cumulative effects of applying IFRS 15 are adjusted via opening retained earnings at 1st January 2018. As a result comparative details have not been restated. The main principle of IFRS 15 is to recognize revenue to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the Group expects to be entitled.

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement from 1st January 2018. IFRS 9 uses a revised model for recognition and measurement of financial instruments and an 'expected loss' impairment model for financial assets. The Group has adopted the modified retrospective approach where the cumulative effects of applying IFRS 9 are adjusted via opening retained earnings at 1st January 2018. As a result comparative details have not been restated.

In the current year, a number of amendments to IFRS's were issued by the International Accounting Standards Board that are mandatorily effective for accounting periods that begin 1st January 2018. These include IAS 12: Recognition of Deferred Tax Assets, IAS 40: Transfers of Investment Property and IAS 7: Disclosure Initiative. The amendments to these standards have had no impact on the Group's reported results.

The various amendments to IFRS through the annual improvements cycle 2014-16 have been considered and do not have a material impact on the Group in the current period.

Changes in accounting policies

IFRS 9 - Financial Instruments

The Group's adoption of IFRS 9 has resulted in changes in accounting policies, new accounting policies are described in detail in the accounting policy notes to this report. IFRS 9 does not require comparatives to be re-stated and the adoption of the general hedge accounting model in IFRS 9 have been applied prospectively, from the date of initial transition. No changes to the amounts recognized in the financial statements have resulted from the adoption of IFRS 9.

The Group has elected to adopt the new general hedge accounting model in IFRS 9 that applies a more qualitative and forward looking approach to hedge effectiveness. Upon adoption of IFRS 9 the Group has made an irrevocable election to classify marketable security investments as fair value through other comprehensive income as they are not held for trading and are instead held as strategic investments. The Group applies the simplified approach to providing for expected credit losses which permits the use of the lifetime expected loss provision for all trade receivables.

IFRS 15 - Revenues from Contracts with Customers

The Group's adoption of IFRS 15 has resulted in changes in accounting policies and adjustments to amounts recognised in the financial statements. The accounting policies for the group's main types of revenue are explained in the accounting policies section above. The main changes to the financial results in 2018 resulting from adopting IFRS 15 are described below.

i) Variable consideration; Prior to the adoption of IFRS 15 the Group recognised penalties from customers as an expense in cost of sales when the penalty was incurred. Under IFRS 15 penalties are a form of variable consideration and the Group reviews contracts with potential future penalties at the inception of the contract and estimates the expected amount of penalties that may be incurred. There is no overall impact on the profit and loss in either 2017 or 2018.

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not early adopted by the Group

The following standards and interpretations, which have been issued by the IASB and are relevant for the Group, subject to EU ratification, became effective after the current year-end and have not been early adopted by the Group.

IFRS 16 – Leases

This standard provides a single lessee accounting model, requiring assets and liabilities to be recognised for all leases over 12 months in duration. This standard is effective for accounting periods beginning on or after 1 January 2019, but has not yet been endorsed for use in the EU. The group currently has a high number of operating lease arrangements, the majority of which will need to be included in the statement of financial position as a right of use asset, with a liability recorded for the value of future lease payments. Under current accounting standards no lease assets or liabilities are included in the statement of financial position, with the lease rental expensed on a straight line basis and included within operating expenses. It is expected that on the transition date of 1 January 2019 right of use assets of £4.5m will be recognized in the Group balance sheet, with the corresponding lease liability of £4.5m. During 2019 it is expected that operating profit will increase by £0.1m, with an increase in finance costs of £0.3m, giving an overall reduction in profit before tax of £0.2m. The initial increase in cost is due to the finance cost of leases being 'front loaded' and this cost reduces as the lease liability reduces. The total cost of a lease over its entire length is unchanged from previous accounting standards. These are estimates based on lease agreements the group is currently contracted for and do not take into account any new leases the Group may enter into during 2019.

2. Loss for the financial year

The Group loss for the year after taxation includes a profit of £2.1m (2017: £6.8m) which is dealt with in the financial statements of the Company.

3. Analysis of turnover and profit between activities and markets

The total turnover of the Group was £171.6m (2017: £175.8m) of which £9.8m (2017: £7.8m) 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.

	2018	2017
	£000	£000
Revenue from contracts with customers	**171,601**	**175,740**

a) Contract assets and liabilities

	2018	2017
	£000	£000
Costs incurred to fulfill contracts	679	151
Total contract assets	**679**	**151**

Contract assets relate to the Group's rights of consideration for services provided on contracts.

	2018	2017
	£000	£000
Contract liabilities - customer advances	1,057	106
Contract liabilities - deferred income	537	246
Total contract liabilities	**1,594**	**352**

b) Revenue recognised in relation to contract liabilities

Revenue was recognised in the current reporting period relating to carried forward contract liabilities as below:

	2018
	£000
Revenue recognised in the current year that was included in previous years contract liability:	
Contract liabilities - customer advances	43
Contract liabilities - deferred income	507
Total contract liabilities	**550**

4. Operating profit

	2018	2017
	£000	£000
a) Operating profit is stated after charging:		
Depreciation of tangible fixed assets	4,915	5,020
Amortisation of intangible fixed assets	463	533
Operating lease rentals		
Plant & machinery	293	187
Land & buildings	1,220	2,436
Research and development	9,445	10,943
Directors' remuneration (see note 32)	892	1,063
Auditors' remuneration (see note 4c)	173	145
Hire of plant	40	39
Gain on translation of foreign currency	1,018	456
b) Operating profit is stated after crediting:		
Rental income	7,680	7,426
Less related expenses	(3,362)	(3,006)
	4,318	**4,420**
c) Auditors' remuneration		
Audit of these financial statements	30	32
Amounts received by auditors and subsidiary auditors in respect of:		
Audit of financial statements of subsidiaries	137	107
Other services	6	6
	173	**145**
Fees in respect of and borne by the W Lucy Pension Scheme	4	4

5. Exceptional items

	2018	2017
	£000	£000
GMP equalisation costs	1,046	-
Integration costs	-	414
Restructuring	-	116
	1,046	**530**

The Guaranteed Minimum Pensions (GMP) equalisation costs are a past service cost charged due to the requirement for the W Lucy Pension scheme to equalise total benefits received by male and female members.

6. Employee Remuneration

	2018	2017
	£000	£000
Wages and salaries	36,984	35,750
Social security costs	2,635	2,248
Pension costs	2,504	2,450
	42,123	**40,448**

The average number of employees during the year was 1,466 (2017: 1,353) of which 151 were administrative (2017: 147).

7. Finance income and costs

	2018	2017
	£000	£000
Finance revenue		
Income from investments	32	78
Other interest receivable	26	62
Gain from acquisition	538	-
Ineffective portion of changes in fair value of cash flow and net investment hedges	-	368
Other income	71	-
	667	**508**
Finance cost		
Bank interest	641	444
Exchange loss on overseas assets	80	836
Ineffective portion of changes in fair value of cash flow and net investment hedges	128	-
Pension finance cost	102	267
Other expense	279	78
	1,230	**1,625**

8. Tax on profit on ordinary activities

	2018	2017
	£000	£000
Current year UK tax	743	389
Current year overseas tax	159	675
Group current tax	**902**	**1,064**
Over provision in previous years	(284)	22
Total current tax	**618**	**1,086**
Deferred tax		
Capital allowances	(282)	77
Other timing differences and allowances	8	(142)
Effect of decreased tax rate on opening liability	(6)	-
Investment properties	162	253
Total deferred taxation	**(118)**	**188**
Total tax on profit on ordinary activities	**500**	**1,274**

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:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	311	9,860
Group profit on ordinary activities before tax	**311**	**9,860**
Tax charge at average UK Corporation Tax rate of 19% (2017: 19.25%)	59	1,898
Current and deferred tax adjustments in respect of prior years	(279)	193
Net effect of differing UK tax rates	(2)	5
Net effect of differing overseas tax rates	(749)	(1,618)
Other non-allowable expenses	355	1,640
Utilisation of previous year tax losses	-	(1,055)
Current year losses	934	267
Other	182	(56)
Group current tax charge for the period	**500**	**1,274**

9. Earnings per share

The earnings per share have been calculated using the profit attributable to shareholders of Lucy Group Ltd as the numerator. Profit has been adjusted by £(317)k in 2018 (2017: £(158)k) to remove that attributable to the non-controlling interest.

	2018	2017
	£000	£000
Profit on ordinary activities after taxation attributable to Lucy Group Ltd shareholders	128	8,744
Weighted average number of shares (000s)	492	492
Earnings per share	26p	1,778p

10. Dividends

	2018	2017
	£000	£000
Amounts recognised as distributions to shareholders in the year:		
Final dividend for the year to 31st December 2017: 121p (2016: 115p) per share	595	566
Interim dividend for the year to 31st December 2018: 88p (2017: 88p) per share	433	433
	1,028	**999**
Proposed final dividend for the year to 31st December 2018: 121p (2017: 121p) per share	595	595

11. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2018	2017
	£000	£000
Gross carrying amount		
Balance 1st January	3,071	2,717
Additions	-	354
Balance 31st December	**3,071**	**3,071**

Impairment of Goodwill

Goodwill arising on business combinations is not amortised but is reviewed on an annual basis, or when there is an indicator that goodwill has been impaired. Goodwill acquired in a business combination is allocated to groups of cash generating units according to the level at which goodwill is monitored by management.

Recoverable amounts are based on value in use, which are calculated from cash flow projections using information from the Group's latest medium term plans, which are reviewed by the Directors. The medium term plans cover a five year period, the growth rate used to extrapolate beyond the medium term plans is zero.

The key assumptions used in the value in use calculations are the discount rate. Discount rates have been estimated based on current market assessment of the time value of money as well as future expectations for changes in market conditions.

Impairment reviews were performed as at the year end by comparing the carrying amount of goodwill to recoverable amount of each asset. No impairment has been identified.

	2018
	£000
The components of goodwill are:	
Lucy Zodion Ltd	2,261
Truscanian Ltd	139
Lucy Electric India (Private) Ltd	155
Lucy Electric Gridkey Ltd	162
Lucy Equipamentos Electricos Ltda	354
	3,071

12. Other intangible assets

	Licenses and software	Product Development	Total
	£000	£000	£000
Gross carrying amount			
At 1st January, 2017	4,251	-	4,251
Additions	368	-	368
Disposals	(2)	-	(2)
Translation differences	(27)	-	(27)
At 1st January, 2018	**4,590**	**-**	**4,590**
Additions	192	969	1,161
Acquisition of subsidiary undertaking	64	-	64
Disposals	(20)	-	(20)
At 31st December, 2018	**4,826**	**969**	**5,795**
Amortisation			
At 1st January, 2017	3,208	-	3,208
Charge for year	533	-	533
Disposals	(1)	-	(1)
Translation differences	(20)	-	(20)
At 1st January, 2018	**3,720**	**-**	**3,720**
Charge for year	463	-	463
Disposals	(20)	-	(20)
At 31st December, 2018	**4,163**	**-**	**4,163**
Net book value			
At 31st December, 2018	**663**	**969**	**1,632**
At 31st December, 2017	**870**	**-**	**870**
At 31st December, 2016	**1,043**	**-**	**1,043**

13. Property, plant and equipment

	Freehold land and buildings	Plant and equpment	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st January, 2017	24,345	31,288	15,767	2,071	73,471
Additions	861	1,405	1,054	398	3,718
Acquisition of subsidiary undertaking	-	71	-	-	71
Disposals	-	(349)	(288)	(286)	(923)
Translation differences	(666)	(1,309)	(303)	26	(2,252)
At 1st January, 2018	**24,540**	**31,106**	**16,230**	**2,209**	**74,085**
Additions	1,183	3,145	1,190	85	5,603
Acquisition of subsidiary undertaking	700	100	34	32	866
Disposals	-	-	(630)	(49)	(679)
Translation differences	1,002	1,262	318	24	2,606
At 31st December, 2018	**27,425**	**35,613**	**17,142**	**2,301**	**82,481**
Depreciation					
At 1st January, 2017	7,302	20,584	10,777	1,420	40,083
Charge for year	716	2,402	1,569	333	5,020
Disposals	-	(323)	(262)	(265)	(850)
Impairment	(1)	(26)	(6)	(3)	(36)
Translation differences	(330)	(763)	(187)	35	(1,245)
At 1st January, 2018	**7,687**	**21,874**	**11,891**	**1,520**	**42,972**
Charge for year	750	2,481	1,380	304	4,915
Disposals	-	-	(630)	(48)	(678)
Impairment	(1)	(26)	(4)	(3)	(34)
Translation differences	1,126	732	245	27	2,130
At 31st December, 2018	**9,562**	**25,061**	**12,882**	**1,800**	**49,305**
Net book value					
At 31st December, 2018	**17,863**	**10,552**	**4,260**	**501**	**33,176**
At 31st December, 2017	**16,853**	**9,232**	**4,339**	**689**	**31,113**
At 31st December, 2016	**17,043**	**10,704**	**4,990**	**651**	**33,388**

14. Investment Property

Investment property includes residential, commercial, industrial and agricultural properties in the UK, which are owned, managed and let to earn rentals and for capital appreciation.

Note 27 'Financial instruments' sets out how the fair value of the investment properties has been determined.

Changes to the carrying amounts are as follows:

	2018	2017
	£000	£000
Carrying amount 1st January	**141,577**	**136,049**
Additions	92	705
Revaluation	3,041	4,823
Carrying amount 31st December	**144,710**	**141,577**

Freehold land and buildings valued by HSBC at £50.4m in 2017 have been charged to secure borrowings of the company (see note 26).

15. Acquisition of Subsidiary Undertakings

On 8th August 2018, the company acquired 100% of the share capital of Lawson Fuses Limited and its 75% owned Indian subsidiary Lawson Fuses India Limited. From the date of acquisition they have been consolidated into the Group financial statements.

The details of the business combinations are as follows:

	2018
	£000
Fair value of consideration transferred	
Total cash consideration	1,604
Deferred consideration	740
Contingent consideration	436
Total investment value	**2,780**
Recognised amounts of identifiable net assets	
Intangible Fixed assets	64
Property, plant and equipment	867
Total non-current assets	**931**
Inventories	1,211
Trade and other receivables	1,176
Deferred tax asset	9
Cash and cash equivalents	862
Total current assets	**3,258**
Borrowings	(12)
Total non-current liabilities	**(12)**
Current tax liability	(43)
Other liabilities	(243)
Trade and other payables	(573)
Total current liabilities	**(859)**
Identifiable net assets	**3,318**
Gain on acquisition	**(538)**

16. Other long-term financial assets

	31st December 2018	31st December 2017
	£000	£000
Equity securities: quoted	1,639	1,764
	1,639	**1,764**

Quoted investments are classified as available for sale and are recorded at the balance sheet date.

17. Principal group undertakings

Company	Country of incorporation	Principal activity	Proportion of ownership interests held by the Group at year end % 2018	2017
Lucy Electic UK Limited	England	Manufacture and sale of switchgear	100	100
Lucy Zodion Limited	England	Manufacture and sale of lighting products	100	100
Lucy Electric (EMS) Limited	England	Engineering and management services	100	100
Sandawana Castings Limited	England	Manufacture and sale of iron castings	100	100
Lucy Developments Limited	England	Property development	100	100
Lucy Block Management Limited	England	Property management	100	100
Truscanian Foundries Limited	England	Manufacture and sale of aluminium castings	100	100
Lucy Electric Gridkey Limited	England	Supply of switchgear monitoring systems and services	100	100
Lawson Fuses Limited	England	Manufacture and sales of fuses	100	-
Lucy Equipamentos Electricos Ltda	Brazil	Manufacture and sale of switchgear	100	100
Lucy Electric Beijing Company Limited	China	Marketing and sale of switchgear	100	100
Lucy Electric India (Private) Limited	India	Manufacture and sale of switchgear	100	100
Lucy Electric Manufacturing and Technologies India (Private) Limited	India	Manufacture and sale of switchgear and lighting products	100	100
Lawson Fuses India Limited	India	Manufacture and sales of fuses	75	-
Lucy Asia Pacific SDN BHD	Malaysia	Marketing and sale of switchgear	100	100
Lucy Switchgear Arabia Limited	Saudi Arabia	Manufacture and sale of switchgear	100	100
Lucy Electric South Africa Pty Limited	South Africa	Marketing and sale of switchgear	75	100
Lucy Electric (Thailand) Limited	Thailand	Manufacture and sale of switchgear	100	100
Lucy Switchgear FZE	UAE	Manufacture of switchgear	100	100
Lucy Middle East FZE	UAE	Marketing and sale of switchgear	100	100

18. Inventories

	31st December 2018	31st December 2017
	£000	£000
Raw materials and components	15,983	14,088
Work in progress	498	371
Long-term contract balances:		
Net cost less foreseeable losses and payments on account	-	151
Finished goods	14,374	12,995
Development land and buildings:		
Land	4,713	1,480
Developments in progress	10,449	6,816
Finished properties for sale	974	-
	46,991	**35,901**

19. Trade and other receivables

	31st December 2018	31st December 2017
	£000	£000
Current receivables		
Trade receivables	33,650	34,574
Rent receivables	141	82
Amounts recoverable on long term contracts	542	986
Corporation Tax receivable	1,524	962
Prepayments and accrued income	7,863	6,349
Other receivables	1,477	1,554
Total current receivables	**45,197**	**44,507**
Non-current receivables		
Deferred tax asset	498	1,426
Other receivables	252	467
Total non-current receivables	**750**	**1,893**
Total receivables	**45,947**	**46,400**

20. Derivative financial instruments

	31st December 2018		31st December 2017	
	Asset £000	Liability £000	Asset £000	Liability £000
Designated hedge relationships:				
Foreign exchange contracts	-	854	672	-
Commodity contracts	-	129	-	-
	-	**983**	**672**	**-**

These amounts are included within the disclosure in note 27 - Financial instruments and risk management.

21. Provisions

The carrying amounts and the movements in the provision account are as follows:

	Restructuring costs	Integration & systems implementation costs	Warranty provision	Other	Total
	£000	£000	£000	£000	£000
Carrying amount 1st January	**3,400**	**851**	**3,368**	**1,126**	**8,745**
Provided in year	609	-	1,022	764	2,395
Released in year	-	(108)	(131)	-	(239)
Charge in year	(112)	(306)	(909)	(8)	(1,335)
Carrying amount 31st December	**3,897**	**437**	**3,350**	**1,882**	**9,566**

22. Trade & other payables - current

	31st December 2018	31st December 2017
	£000	£000
Trade payables	20,434	20,395
Accruals and deferred income	9,700	10,122
Other payables	2,732	3,874
	32,866	**34,391**
Corporation Tax payable	2,280	1,787
Social security and other taxes	1,788	1,784
	4,068	**3,571**

23. Trade & other payables - non-current

	31st December 2018	31st December 2017
	£000	£000
Loans repayable after more than one year	31,958	16,624
Other payables	4,626	3,871
Deferred consideration on acquisition	1,197	-
	37,781	**20,495**

Other payables represents a statutory gratuity payable to UAE and Saudi Arabia based employees on leaving the company.

24. Deferred tax liability

	31st December 2018	31st December 2017
	£000	£000
Investment Properties	13,489	13,511
Capital allowances	(96)	(220)
Other timing differences and allowances	399	242
	13,792	**13,533**

25. Pensions

Lucy Group Limited (the Company) operates a defined benefit pension arrangement called the W Lucy Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. In addition, the Company operates unfunded unapproved retirement benefit arrangements for certain employees. The details below relate to the cost 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. The value of the liabilities as at 31 December 2018 in respect of the unfunded unapproved retirement benefit arrangements was approximately £1,556k. (2017: £1,544k)

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these accounts.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 6 April 2017 and the next valuation of the Scheme is due as at 6 April 2020. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Company and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

There were no Scheme amendments, curtailments or settlements during the period. However, the disclosures include a past service cost in relation to the impact of GMP equalisation following The Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgement on 26 October 2018. The expected Company contributions for the year to 31 December 2019 are £592k (excluding any special contributions) and the weighted average duration of the defined benefit obligation is approximately 17 years.

The Scheme exposes the Company to a number of risks:

- **Investment risk:** The Scheme holds investments in asset classes, such as equities, which have volatile market values. While these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk:** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk:** A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- **Mortality risk:** In the event that members live longer than assumed a deficit will emerge in the Scheme.
- **Member options:** Certain benefit options may be exercised by members without requiring the consent of the Trustees or the Company, for example exchanging pension for cash at retirement. In this example if fewer members than expected exchange pension for cash at retirement then a funding strain will emerge.

Explanation of amounts in the financial statements

	31st December 2018	31st December 2017
Principal actuarial assumptions		
Discount rate	2.90% p.a.	2.60% p.a.
Inflation (RPI)	3.05% p.a.	3.05% p.a.
Inflation (CPI)	2.05% p.a.	2.05% p.a.
Salary increases	3.05% p.a.	3.05% p.a.
Pension increase (RPI max 5% pa)	2.95% p.a.	2.95% p.a.
Pension increase (RPI max 2.5% pa)	2.15% p.a.	2.15% p.a.
Pension increase (CPI max 3% pa)	1.80% p.a.	1.80% p.a.
Post-retirement mortality	112% of the S2PA tables with CMI 2017	112% of the S2PA tables with CMI 2016
	Projections using a long-term improvement rate of 1.25%p.a.	
Commutation		Members are assumed to take 20% of their pension as tax free cash
Life expectancy at age 65 of male aged 45	22.5	22.7
Life expectancy at age 65 of male aged 65	21.1	21.3
Life expectancy at age 65 of female aged 45	24.6	24.7
Life expectancy at age 65 of female aged 65	23.1	23.1

The current asset split is as follows:

	BId values at 31st December 2018
Equities	35,185
Corporate Bonds	11,276
Gilts	2,472
Property	672
Target Return	5,522
Cash	173
Total assets	**55,300**

Balance sheet

	At 31st Dec 2018	At 31st Dec 2017
	£000	£000
Fair value of assets	55,300	60,295
Present value of obligations	(62,593)	(64,565)
Surplus/(deficit)	**(7,293)**	**(4,270)**
Deferred tax	1,240	726
Net defined benefit asset/(liability)	**(6,053)**	**(3,544)**

Amount recognised in Profit and Loss

	Period to 31st Dec 2018	Period to 31st Dec 2017
	£000	£000
Current service cost	702	788
Administration costs	217	207
Interest on liabilities	1,653	1,797
Interest on assets	(1,551)	(1,529)
Past service costs	1,046	-
Settlement and curtailment cost	-	-
Total charge to Profit and Loss	**2,067**	**1,263**

Remeasurements over the year

	Period to 31st Dec 2018	Period to 31st Dec 2017
	£000	£000
Loss/(gain) on assets in excess of interest	5,215	(4,769)
Experience losses/(gains) on liabilities	156	(1,613)
Losses/(gains) from changes to demographic assumptions	(409)	(4)
Losses/(gains) from changes to financial assumptions	(3,101)	456
Total remeasurements	**1,861**	**(5,930)**

Change in value of assets

	Period to 31st Dec 2018	Period to 31st Dec 2017
	£000	£000
Fair value of assets at start	**60,295**	**55,194**
Interest on assets	1,551	1,529
Company contributions	905	1,106
Contributions by Scheme participants	112	123
Benefits paid	(2,131)	(2,219)
Administration costs	(217)	(207)
Change due to settlement and curtailment cost	-	-
Return on assets less interest	(5,215)	4,769
Fair value of assets at end	**55,300**	**60,295**

Actual return on assets	**(3,664)**

Change in value of defined benefit liabilities

	Period to 31st Dec 2018	Period to 31st Dec 2017
	£000	£000
Defined benefit obligation at start	**64,565**	**65,237**
Current Service Cost	702	788
Contributions by Scheme Participants	112	123
Past service costs	1,046	-
Interest cost	1,653	1,797
Benefits paid	(2,131)	(2,219)
Change due to settlement or curtailment cost	-	-
Experience (gain)/loss on liabilities	156	(1,613)
Changes to demographic assumptions	(409)	(4)
Changes to financial assumptions	(3,101)	456
Defined benefit obligation at end	**62,593**	**64,565**

Reconciliation of net defined benefit liability (asset)

	Period to 31st Dec 2018	Period to 31st Dec 2017
	£000	£000
Net defined benefit liability (asset) at start	**4,270**	**10,043**
Current service cost	702	788
Past service cost & settlement and curtailment cost	1,046	-
Net interest expense (income)	102	268
Remeasurements	1,861	(5,930)
Administration costs	217	207
Employer contributions	(905)	(1,106)
Net defined benefit liability (asset) at end	**7,293**	**4,270**

Sensitivity of the value placed on the liabilities

		Approximate effect on liability
		£000
Discount rate	Discount rate -0.10%	998
Inflation	Inflation +0.10%	668
Salary increases	Salary increases +0.10%	105
Mortality	Increase long-term mortality improvement rate to 1.50%	529

Projected Profit & Loss account for next year

	£000
Current service cost	627
Administration expenses	217
Interest on liabilities	1,786
Interest on assets	(1,581)
(Gains)/losses on Settlements and Curtailments	-
Past service cost	-
Total	**1,049**

The above estimate is based on the assumptions adopted at the Review Date and assumes the following:

i Benefits paid and administration costs are broadly unchanged from the current year's figures.

ii Company contributions to the Scheme are paid in line with the Schedule of Contributions dated 15 December 2017.

iii There are no events that would give rise to a settlement, curtailment or past service cost.

Effect of the Scheme on Company's future cashflows

The Company is required to agree a Schedule of Contributions with the Trustees of the Scheme following a valuation which must be carried out at least once every three years. The next valuation of the Scheme is due as at 6 April 2020. In the event that the valuation reveals a worse funding position than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected contributions may be reduced.

The Company expects to pay contributions of £631k in the year to 31 December 2019. The weighted average duration of the defined benefit obligation is 20 years.

26. Borrowings

The Group's committed loan facilities at the year end were £40.0m, and these were utilised as follows:

	Repayable	2018
		£000
Facilities		
Revolving facilities		
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	30th September 2021	16,117
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	15th February 2023	15,000
Other		
Exchange loss on foreign currency borrowings		841
Total Borrowings		**31,958**

Security

The two revolving loan facilities are secured against specific freehold properties valued at £50.4m in 2017.

Loan drawdown and interest	
The amount of loan drawdown at 31st December 2018 was £32.0m, split as follows:	
Sterling £25m loans at variable rates of interest	25,000
US Dollar $2.6m loans at variable rates of interest	2,039
Thai Baht THB 203m loans at variable rates of interest	4,919
	31,958

Maturity of borrowings

	2018	2017
	£000	£000
In more than one but no more than two years	-	-
In more than two but no more than five years	31,958	16,624
More than five years	-	-
	31,958	**16,624**

27. Financial instruments and risk management

a. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, cash, short–term deposits, trade receivables and trade payables. The Group's financial instrument policies can be found in the principal accounting policies. The Board agree policies for managing the financial risks summarised below:

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 and Thai baht to mitigate the risk of movements in foreign exchange rates.

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

Credit risk

The Group is exposed to credit risk from its business customers and key suppliers, whose services are essential to the business, also face credit risk. Where recovery of trade receivables are identified as doubtful, provision for impairment is made. The Group's maximum exposure on its trade and other receivables is the varying amount as disclosed in Note 19.

Liquidity risk

The Group's risk assessment procedures for 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. The Group ensures that it has sufficient undrawn committed borrowing facilities available to meet committed expenditure and to allow for operational flexibility. An analysis of the maturity of borrowings is disclosed in Note 26.

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. Cash flow hedging is used to mitigate the risk, by using financial instruments, such as entering into forward contracts on commodities, when this is considered the most efficient way of protecting against price movements.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than UK Pound Sterling. The Group's policy is to hedge all material firm transactional exposures in order to protect it against currency fluctuations. These exposures are hedged via forward currency contracts and options which are designated as cash flow hedges.

US Dollars are used as a proxy for hedging exotic currencies pegged to the US Dollar, such as Saudi Riyals and UAE Dirhams, because a liquid financial derivative market is unavailable. In addition, negotiations with suppliers continue and will result in matching of currencies to allow increased netting of currency flows.

Where applicable, loans to non-UK subsidiaries are hedged via external borrowings in matching currencies. These are not formally designated as hedges, as gains and losses on hedged loans will naturally offset.

Net investment hedges, using foreign currency loans, forward currency contracts and options are used to translate exposure to currency movements in overseas net assets. This mitigates the currency risk arising from the subsidiary's net assets.

Interest rate risk

Interest rate risk arises on the Group's borrowings and, where applicable, is addressed by taking out forward cover up to a maximum of 60% of total borrowings for periods up to five years. This does not eliminate the risk but provides some certainty. The Group seeks to cash flow hedge account forward cover when applicable.

b. Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from the Groups' operating and financing activities. Forward contracts and options are used to hedge against foreign exchange rate changes over fixed terms.

In accordance with the Group treasury policies, derivative financial instruments are not held for trading purposes.

Certain derivative financial instruments are designated as hedges in line with the Group's risk management policies. Hedges are classified as follows:

- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction
- Net investment hedges when they hedge the exposure to changes in the value of the Group's interests in the net assets of foreign operations.

All the Group's derivatives are recognised in the Statement of Financial Position at fair value, with any changes in fair value that do not meet the criteria for net investment or cash flow hedge accounting recognised in the Income Statement.

Cash flow hedges

Where a derivative financial instrument is designated as a cash flow hedge, the effective portion of any change in fair value of the instrument is recognised in other comprehensive income and included in the cash flow hedge reserve within equity. The ineffective portion of any change in fair value is recognised in the Income Statement immediately.

Net investment hedges

The effective portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation is recognised in other comprehensive income and included in the net investment hedge reserve within equity. The ineffective potion is recognised in the Income Statement immediately.

The carrying value of financial assets and liabilities disclosed in the notes are considered to be reasonable approximations of their fair values.

Hierarchical classification of financial assets and liabilities measured at fair value

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The classification uses the following three–level hierarchy:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly.

Level 3

Techniques which use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

The valuation techniques used for instruments categorised in Levels 1 and 2 are described below:

Quoted equities and securities (Level 1)

The fair value of the Group's quoted securities are derived from observable quoted market prices for the assets.

Investment property (Level 2)

The fair value of the Group's investment properties is estimated based on appraisals performed by independent and professionally qualified valuers. The valuation processes are reviewed by the Board of Directors at each reporting date. The significant assumptions used in the valuation relate to current rental yields.

Forward contract and commodity swaps (Level 2)

The fair value of forward contracts, options and commodity swaps are determined by market values available from the markets on which they are traded.

c. Categories of Financial Instruments

A summary of the classifications of the financial assets and liabilities held by the Group is set out in the following table:

			2018			2017
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets at fair value through OCI						
Listed equity investments	-	1,639	1,639	-	1,764	1,764
Total financial assets at fair value through OCI (a)	**-**	**1,639**	**1,639**	**-**	**1,764**	**1,764**
Trade receivables	-	33,791	33,791	-	34,656	34,656
Total financial assets at amortised cost (b)	**-**	**33,791**	**33,791**	**-**	**34,656**	**34,656**
Derivative financial instruments	-	-	-	-	672	672
Cash and cash equivalents (c)	**-**	**15,270**	**15,270**	**-**	**13,730**	**13,730**
Financial Liabilities						
Derivative financial instruments **(d)**	-	983	983	-	-	-
Interest bearing loans and borrowings	31,958	-	31,958	16,624	-	16,624
Trade and other payables	-	20,434	20,434	-	20,395	20,395
Total	**31,958**	**21,417**	**53,375**	**16,624**	**20,395**	**37,019**

The Group's financial instruments resulted in the following income, expenses, gains and losses recognised in the income statement:

			2018			2017
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets						
Dividends from equity investments held at FVOCI	-	32	32	-	93	93
Hedging gains - hedge ineffectiveness	-	-	-	-	368	368
Total	**-**	**32**	**32**	**-**	**461**	**461**
Financial liabilities						
Finance cost of interest bearing loans and borrowings	-	641	641	-	444	444
Hedging losses - hedge ineffectiveness	-	128	128	-	-	-
Total	**-**	**769**	**769**	**-**	**444**	**444**

a) Financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading. The company has made an irrecovable election at initital recognition to recognise changes in fair value through other comprehensive income rather than profit and loss.

b) Trade and other receivables

Amounts due from customers for goods and services provided by the group in the course of ordinary business are classified as trade receivables. Settlement terms are generally 30-60 days and as such are all classifed as current assets. The fair value of receivables is considered to be the same as their carrying amount, given the short term nature of the asset. The group's policy for the impairment is shown under Principal Accounting Policies.

c) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and cash balances held by the groups investment managers.

d) Derivative financial instruments

The group's policy for derivative financial instruments are disclosed in the principal accounting policies.

28. Equity - share capital

	2018	2017
	£000	£000
Authorised :		
495,000 ordinary shares of £1 each	495	495
Allotted, called up and fully paid :		
491,885 ordinary shares of £1 each	492	492

29. Other reserves

The consolidated statement of changes in equity is shown on page 41. Further information on reserves is provided below:

Capital reserves

The capital reserve arose on redemption of ordinary shares in the Group companies.

Retained earnings

In accordance with IFRS, retained earnings include revaluation reserves which are not distributable under UK law. The balance in the revaluation reserve at 31 December 2018 is £104.0m.

Currency translation reserve

The foreign currency reserve is used to record exchange differences arising from the translation of foreign subsidiaries and other foreign currency investments in the consolidated financial statements.

Cash flow hedge reserve

This includes the fair value of the movements on derivative financial instruments qualifying for hedge accounting under IFRS 9.

Net investment hedge reserve

This includes the fair value of the movements in derivative financial instruments qualifying for hedge accounting under IFRS 9.

30. Commitments

Capital

At 31st December 2018 the Group had authorised the following future capital expenditure :

	2018	2017
	£000	£000
Contracted	1,741	2,171
Not contracted	84	1,396

Operating lease commitments - Group as lessee

Future minimum rentals payable under non-cancellable operating leases, on an undiscounted basis are as follows:

	2018	2017
	£000	£000
Land and buildings		
Payable within one year	782	1,238
Payable between two and five years	1,685	2,065
Payable after five years	-	115
	2,467	**3,418**
Plant and Machinery		
Payable within one year	68	71
Payable between two and five years	197	116
Payable after five years	-	-
	265	**187**
Motor Vehicles		
Payable within one year	349	400
Payable between two and five years	156	397
Payable after five years	-	-
	505	**797**

31. Contingent liabilities

The Group has given its bankers guarantees amounting to the equivalent of £4.7m (2017: £6.5m) in respect of tender and performance bonds and counter indemnities.

32. Related parties

The Group's related parties include post-employment benefit plans for the Group's employees and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management of the Group are the executive and non executive members of Lucy Group Ltd.'s Board of Directors. Key management personnel remuneration includes the following expenses:

	2018	2017
	£000	£000
Short-term employee benefits	877	974
Post employment benefits	15	89
	892	**1,063**
Emoluments of highest paid director	257	319
Pension contribution	-	49
	257	**368**

The Group does not operate share option or other long term incentive schemes for the Directors.

Two Directors are members of the defined benefit section of the W Lucy Pension Scheme. The Company also operates unfunded unapproved retirement benefit arrangements for these Directors. The Group made contributions of £14,583 (2017: £39,583) to defined contribution schemes in respect of two other 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, payable immediately, of £187,333 pa (2017: £175,917). As at 31 December 2018, pension totalling £104,620 pa (2017: £102,123 pa) is currently in payment from the W Lucy Pension Scheme (£22,243 pa of pension was also forgone in order to pay a cash lump sum benefit). The remaining £82,713 pa of pension as at 31 December 2018 (2017: £73,794 pa), which is payable directly by the Company under the unfunded unapproved retirement benefit arrangement, has not yet been crystalised.

Transactions with the defined benefit plan

The defined benefit plan is a related party and does not hold shares in Lucy Group Ltd. The Group's transactions with the defined benefit plan include contributions to the plan and trustee, accounting and administaratve services.

Parent and ultimate controlling party

Lucy Group Ltd. is a subsidiary of WL Shareholding Company Limited, a private limited company incorporated and domiciled in England and which holds 53% of the issued ordinary share capital of the company.

The consolidated accounts of the ultimate controlling party are available from their registered office at 30 St Giles, Oxford, OX1 3LE

33. Analysis of changes in cash and net debt

	1st Jan	Cash flows	Exchange loss	31st Dec
	£000	£000	£000	£000
Cash at bank and in hand	**13,673**	**1,523**	**-**	**15,196**
Liquid resources	57	17	-	74
Loan capital over one year	(16,624)	(15,101)	(233)	(31,958)
Net cash	**(2,894)**	**(13,561)**	**(233)**	**(16,688)**

Company Statement of Financial Position

as at 31st December 2018

	Note	31st Dec 2018	31st Dec 2017
		£000	£000
Assets			
Non-current assets			
Intangible assets	2	146	194
Property, plant and equipment	3	3,000	3,199
Investments			
Investment property	4	148,833	145,700
Other investments	5	76,962	64,536
Non-current assets		**228,941**	**213,629**
Current assets			
Trade and other receivables	6	137	68
Derivative financial instruments		-	672
Group debtors	6	3,228	2,217
Prepayments and other accruals	6	633	799
Cash and cash equivalents		74	56
Current assets		**4,072**	**3,812**
Total assets		**233,013**	**217,441**
Liabilities			
Non-current liabilities			
Provisions	9	4,814	4,490
Pension and other employee obligations	16	6,053	3,544
Borrowings	8	31,958	16,613
Trade and other payables		1,197	-
Deferred tax liabilities	10	13,421	13,179
Non-current liabilities		**57,443**	**37,826**
Current liabilities			
Trade and other payables	7	6,210	8,367
Current tax liabilities	7	966	411
Derivative financial instruments	12	983	-
Other liabilities	7	5,776	7,736
Current liabilities		**13,935**	**16,514**

	Note	31st Dec 2018	31st Dec 2017
		£000	£000
Total liabilities		**71,378**	**54,340**
Net assets		**161,635**	**163,101**
Equity			
Share capital	15	492	492
Other reserves		(6,613)	(5,511)
Profit and loss account		167,756	168,120
Total equity		**161,635**	**163,101**

Approved by the Board of Directors on 13 March 2019 and signed on its behalf.

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

Company Statement of Changes in Equity

for the year ended 31st December 2018

	Share capital	Capital reserve	Currency reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1st January, 2018	**492**	**31**	**(5,547)**	**5**	**168,119**	**163,100**
Profit for the year	-	-	-	-	2,127	2,127
Other comprehensive income						
Foreign currency translation	-	-	(872)	-	-	(872)
Change in cash flow hedges	-	-	-	(230)	-	(230)
Fair value change in investments	-	-	-	-	(140)	(140)
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	-	(1,322)	(1,322)
Total comprehensive income	**-**	**-**	**(872)**	**(230)**	**665**	**(437)**
Dividends	-	-	-	-	(1,028)	(1,028)
At 31st December, 2018	**492**	**31**	**(6,419)**	**(225)**	**167,756**	**161,635**
At 1st January, 2017	**492**	**31**	**(4,913)**	**(662)**	**157,296**	**152,244**
Profit for the year	**-**	**-**	**-**	**-**	**6,793**	**6,793**
Other comprehensive income						
Foreign currency translation	-	-	(634)	-	-	(634)
Change in cash flow hedges	-	-	-	667	-	667
Fair value change in investments	-	-	-	-	81	81
Actuarial gain on post retirement liability, net of deferred tax	-	-	-	-	4,948	4,948
Total comprehensive income	**-**	**-**	**(634)**	**667**	**11,822**	**11,855**
Dividends	-	-	-	-	(999)	(999)
At 31st December, 2017	**492**	**31**	**(5,547)**	**5**	**168,119**	**163,100**

Notes to the company accounts

1. Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The company has taken the exemption allowed under Section 408 of the Companies Act 2006 from the requirement to present its own income statement. The profit for the year was £2.1m (2017: £6.8m). These financial statements present information about the Company as an individual undertaking and not about its Group.

General information and basis of preparation

Lucy Group Ltd is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information on page 89 of this report. The financial statements have been prepared in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the year.

Changes in accounting policies

IFRS 15 – Revenue from contracts with Customers

IFRS 15 replaced existing revenue standards (IAS 11, IAS 18 and all revenue-related interpretations) from 1st January 2018. The company has adopted the modified retrospective approach where the cumulative effects of applying IFRS 15 are adjusted via opening retained earnings at 1st January 2018. The main principle of IFRS 15 is to recognize revenue to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the company expects to be entitled.

The company's adoption of IFRS 15 has resulted in changes in accounting policies (see revenue accounting policy below) but has not resulted in any changes to timing and amount of revenue during the year 2018.

IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement from 1st January 2018. IFRS 9 uses a revised model for recognition and measurement of financial instruments and an 'expected loss' impairment model for financial assets. The company has adopted the modified retrospective approach where the cumulative effects of applying IFRS 9 are adjusted via opening retained earnings at 1st January 2018. The company has opted to apply the simplified approach in accounting for impairment of trade and other receivables and the loss allowance is calculated as a lifetime expected credit loss. No changes to the reported results for 2018 have been required from adopting IFRS 9.

Disclosure exemptions adopted

The company has taken advantage of the following disclosure exemptions under FRS 101:

- **IAS1** · Presentation of comparative reconciliations for property, plant and equipment and intangible assets
  · Capital management disclosures
- **IAS 7** · Exemption from preparing a cash flow statement
- **IAS 8** · Disclosures in respect of standards in issue not yet effective
- **IAS 24** · Related Party Disclosures to disclose related party transactions entered into
  · Disclosure of key management personnel compensation
- **IFRS 15** · Various disclosures in respect of revenue recognition including disaggregation of revenue and details of performance obligations

Functional and presentation currency

The financial statements are presented in Sterling which is also the functional currency of the company.

Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement. Non-monetary items are translated at the date of the transaction.

Revenue

Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes and net of returns, trade discounts and volume rebates. Revenue is recognised when control of the products or services has transferred to the customer.

Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

Fixed assets

Freehold buildings, fixtures and machinery are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management. Buildings, fixtures and other equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	2% - 2.5%
Fixtures and fittings	10% - 33%
Plant and machinery	5% - 33%
Motor vehicles	25% - 33%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the income statement within other income or other expenses.

Intangible fixed assets

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost of the licenses on a straight line basis over the life of the license. The residual value, if significant, is reassessed annually.

Investment properties

Investment properties are valued annually and are included in the financial statements at fair value after taking appropriate professional advice. Changes in fair value are recognised in the income statement.

No depreciation is provided in respect of Investment properties.

Leased assets

Operating leases are recorded as expenditure on a straight line basis until expiry of the contract.

Taxation

Tax expense recognised in the Income Statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial assets and liabilities are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

The company classifies financial assets into one of three categories; i) amortised cost, ii) fair value through other comprehensive income ("FVOCI") and iii) fair value through profit or loss ("FVTPL"). The Groups' business model for managing the assets and their cash flows determines which classification is applied to each financial asset. Assets held under the 'held to collect' business model are classified at amortised cost, those 'held to collect and for sale' at FVOCI and assets held under any other business model to the above are classified at FVTPL.

Derivative financial instruments and hedge accounting

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments are formally documented at the initial designation of the hedge, the documentation describes the relationship between the hedged item and hedging instrument, risk management strategy and the method for assessing hedge effectiveness.

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 in the consolidated accounts that contain both the investments and the hedging instrument.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges that hedge the Group's exposure to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. These include interest rate swaps, commodity (copper) swaps, forward foreign exchange transactions and options.

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Incremental transaction costs directly attributable with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Post-employment benefits plans

The company contributes to a pension scheme operated by the Group 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 company's finances.

The pension cost of the defined benefit scheme is charged to the income statement so as to spread the cost of pensions over employees' working lives with the company. For UK employees not in this scheme the group provides the Lucy Group Personal Pension Plan. Eligible employees were enrolled into a scheme established under Part 1 of the Pensions Act 2008. The pension costs of these schemes are charged as incurred.

Provisions, contingent assets and contingent liabilities

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Investment properties are valued using appropriate professional advice.

2. Intangible assets

	Licenses and software
	£000
Gross carrying amount	
At 1st January, 2018	823
Additions	39
Disposals	(9)
At 31st December, 2018	**853**
Amortisation	
At 1st January, 2018	629
Charge for year	87
Disposals	(9)
At 1st January, 2018	**707**
Net book value	
At 31st December, 2018	**146**
At 31st December, 2017	**194**

3. Property, plant and equipment

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000
Cost or valuation				
At 1st January, 2018	1,648	6,656	323	8,627
Additions	-	412	19	431
Disposals	-	(606)	-	(606)
At 31st December, 2018	**1,648**	**6,462**	**342**	**8,452**
Depreciation				
At 1st January,	259	4,971	198	5,428
Charge for year	60	514	56	630
Disposals	-	(606)	-	(606)
At 31st December, 2018	**319**	**4,879**	**254**	**5,452**
Net book value				
At 31st December, 2018	**1,329**	**1,583**	**88**	**3,000**
At 31st December, 2017	**1,389**	**1,685**	**125**	**3,199**

4. Investment Property

Investment property includes real estate properties in the UK, which are owned to earn rentals and for capital appreciation.

Note 27 of the Group accounts (Financial instruments) sets out how the fair value of the investment properties has been determined.

Changes to the carrying amounts are as follows:

	2018	2017
	£000	£000
Carrying amount 1st January	**145,700**	**140,189**
Opening balance adjustment	-	23
Restated Opening Balance	145,700	140,212
Additions	92	705
Revaluation	3,041	4,783
Carrying amount 31st December	**148,833**	**145,700**

Freehold land and buildings which had a value of £50.4m in 2017 have been pledged to secure borrowings of the company (see note 11).

5. Other investments

	2018	2017
	£000	£000
Equity securities: listed	1,639	1,764
Group undertakings	41,848	39,031
Loans to Group undertakings	33,475	23,741
	76,962	**64,536**

Investments in subsidiaries have been written down to the company net asset value at the year end. Total impairments to investments in subsidiaries were £8.9m (2017: £6.1m), total write backs were nil (2017: £4.1m), additions were £11.8m (2017: £11.7m) and disposals were nil (2017: nil) in the year.

Quoted investments are classified as available for sale and are recorded at fair value.

Group undertakings

	2018	2017
	£000	£000
Lucy Electric UK Limited	11,537	11,537
Lucy Electric (EMS) Limited	7,560	6,747
Lucy Electric India (Private) Limited	5,977	7,067
Lucy Electric (Thailand) Limited	4,970	4,000
Lucy Electric Manufacturing and Technologies India (Private) Limited	4,077	4,077
Lawson Fuses Ltd	2,780	-
Lucy Asia Pacific SDN BHD	1,543	1,695
Lucy Zodion Limited	1,250	1,250
Lucy Equipamentos Electricos Ltda	918	644
Lucy Switchgear FZE	534	534
Truscanian Foundries Limited	236	343
Lucy Electric GridKey Limited	200	200
Lucy Middle East FZE	174	174
Lucy Block Management Limited	64	71
Lucy Electric Beijing Company Limited	17	132
Sandawana Castings Limited	10	10
Lucy Developments Limited	1	1
Lucy Electric South Africa (Pty) Limited	-	549
Power Connectors Limited	-	-
Truscanian Limited	-	-
	41,848	**39,031**

Unquoted equity Investments

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

6. Trade and other receivables

	31st Dec 2018	31st Dec 2017
	£000	£000
Trade receivables	8	8
Amounts owed by Group undertakings	3,228	2,217
Rent debtors	129	60
Prepayments and accrued income	624	759
Other receivables	9	40
	3,998	**3,084**

7. Trade & other payables - current

	31st Dec 2018	31st Dec 2017
	£000	£000
Bank overdrafts	4,024	5,285
Trade payables	59	70
Amounts owed to Group undertakings	6,151	8,297
Corporation Tax payable	791	266
Social security and other taxes	175	145
Accruals and deferred income	680	1,255
Other payables	1,072	1,196
	12,952	**16,514**

8. Trade & other payables - non-current

	31st Dec 2018	31st Dec 2017
	£000	£000
Loans repayable after more than one year	31,958	16,613
Deferred consideration on acquisition	1,197	-
	33,155	**16,613**

9. Provisions

All provisions are considered current. The carrying amounts and the movements in the provision account are as follows:

	Restructuring Costs	Integration Costs	Warranty Provision	Other	Total
		£000	£000	£000	£000
Carrying amount 1st January, 2018	3,736	414	67	273	4,490
Provided in year	794	100	(57)	24	861
Released in year	-	(108)	-	-	(108)
Charge in year	(112)	(306)	-	(11)	(429)
Carrying amount 31st December, 2018	**4,418**	**100**	**10**	**286**	**4,814**

10. Deferred tax

	31st Dec 2018	31st Dec 2017
	£000	£000
Investment Properties	13,421	13,179
	13,421	**13,179**

Deferred tax is recognised on the revaluation gains of the company's investment properties, which are revalued at each reporting date.

11. Borrowings

The Group's committed loan facilities at the year end were £40.0m, and these were utilised as follows:

	Repayable	2018
		£000
Facilities		
Revolving facilities		
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	30th September 2021	16,117
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	15th February 2023	15,000
Other		
Exchange loss on foreign currency borrowings		841
Total Borrowings		**31,958**

Security	
The two revolving loan facilities are secured against specific freehold properties valued at £50.4m in 2017.	

Loan drawdown and interest	
The amount of loan drawdown at 31st December 2018 was £32.0m, split as follows:	
Sterling £25m loans at variable rates of interest	25,000
US Dollar $2.6m loans at variable rates of interest	2,039
Thai Baht THB 203m loans at variable rates of interest	4,919
	31,958

Maturity of borrowings

	2018	2017
	£000	£000
In more than one but no more than two years	-	-
In more than two but no more than five years	31,958	16,613
More than five years	-	-
	31,958	**16,613**

12. Derivative financial instruments

	31st December 2018		31st December 2017	
	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Designated hedge relationships:				
Foreign exchange contracts	-	854	672	-
Commodity contracts	-	129	-	-
	-	**983**	**672**	**-**

13. Dividends

Information on dividends paid and declared is given in Note 10 in the Group financial statements.

14. Related parties

The Company has taken advantage of the exemption given in FRS 101 to not disclose transactions with other Group companies.

15. Equity - share capital

	2018	2017
	£000	£000
Authorised :		
495,000 ordinary shares of £1 each	495	495
Allotted, called up and fully paid :		
491,885 ordinary shares of £1 each	492	492

16. Pensions

Disclosure of Company pension schemes is given in Note 25 of the Group financial statements.

Registered Office

Lucy Group Ltd
Eagle Works
Walton Well Road
Oxford
OX2 6EE

1 Welcome to Lucy Group Oxford

Advisors

Auditors	Wenn Townsend Chartered Accountants and Statutory Auditors 30 St. Giles Oxford OX1 3LE	**Pension consultants**	Barnett Waddingham LLP Chalfont Court Hill Avenue Amersham HP6 5BB
Bankers	HSBC Bank plc 65 Cornmarket Street Oxford OX1 3HY	**Investment advisors**	Cazenove Fund Management Ltd 6 Worcester Street Oxford OX1 2BX

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 31 December in March

Dividend payments

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

- Interim dividend in September
- Final dividend in April

Notice of Meeting

Notice is hereby given that the annual general meeting of Lucy Group Ltd will be held at Eagle Works, Walton Well Road, Oxford, OX2 6EE on Tuesday 30th April 2019, 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, 2018.

2) To declare a final dividend.

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

4) To re-appoint Wenn Townsend as auditors of the Company and to authorise the Directors to fix their remuneration.

5) To transact any other ordinary business of the Company.

By order of the Board,

Madeline Laxton
Company Secretary

13 March 2019

Lucy Group 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).

Principal Locations

United Kingdom Companies

Lucy Electric UK Ltd.
Howland Road, Thame,
Oxon OX9 3UJ

Tel: +44 (0)1844 267267
Fax: +44 (0)1844 267223
Email: salesuk@lucyelectric.com
Web: www.lucyelectric.com

Lucy Electric UK Ltd.
Unit 14 Thorpe Lane
Thorpe Lane Industrial Estate
Banbury, Oxon, OX16 8UT

Tel: +44 (0)1295 270448
Fax: +44 (0)1295 270446

Lucy Zodion Ltd.
Zodion House, Station Road,
Sowerby Bridge,
West Yorkshire, HX6 3AF

Tel: +44 (0)1422 317337
Fax: +44 (0)1422 836717
Email: sales@lucyzodion.com
Web: www.lucyzodion.com

Lucy Electric (EMS) Ltd.
Howland Road, Thame,
Oxon, OX9 3UJ

Tel: + 44 (0)1844 267289
Email: sales@lucyelectric.com
Web: www.lucyelectric.com

Lucy Properties
Walton Well Road
Oxford, OX2 6EE

Tel: + 44 (0)1865 518150
Tel: + 44 (0)1865 513970
Email: properties@lucygroup.com
Web: www.lucyproperties.co.uk

Lucy Developments Ltd.
Walton Well Road
Oxford, OX2 6EE

Tel: +44 (0)1865 559973
Fax: +44 (0)1865 513970
Email: lucydevelopments@lucygroup.com
Web: www.lucydevelopments.co.uk

Lucy Block Management Ltd.
Walton Well Road, Oxford, OX2 6EE

Tel: +44 (0)1865 559973
Email: blockmanagement@lucygroup.com
Fax: +44 (0)1865 513970

Sandawana Castings Ltd.
Bromag Industrial Estate,
Burford Road, Witney,
Oxon, OX29 0SR

Tel: +44 (0)1993 775862
Fax: +44 (0)1993 776692
Email: enquiries@lucycastings.com
Web: www.lucycastings.com

Truscanian Foundries Ltd.
St. Martins Industrial Estate,
Engine Street, Oldbury,
West Midlands, B69 4NL

Tel: +44 (0)121 552 3011
Fax: +44 (0)121 552 4672
Email: enquiries@lucycastings.com
Web: www.lucycastings.com

Lucy Electric Gridkey Ltd.
8 Argent Court, Sylvan Way
Southfields Business Park,
Basildon, SS15 6TH

Tel: + 44 (0)1268 850000
Email: info@gridkey.co.uk
Web: www.gridkey.co.uk

Lawson Fuses Limited
Meadowfield, Ponteland
Newcastle upon Tyne,
Tyne and Wear, NE20 9SW

Tel: + 44 (0)1661 823232
Email: info@lawson-fuses.co.uk
Web: www.lawson-fuses.com

Overseas Companies

Lucy Middle East FZE
P.O. Box 17335
Jebel Ali Freezone
Dubai
United Arab Emirates

Tel: +971 4 812 9999
Fax: +971 4 812 9900
Email: salesme@lucyelectric.com
Web: www.lucyelectric.com

Lucy Asia Pacific Sdn Bhd
Unit 17-05-06, Level 17, PJX-HM Shah Tower No.16A, Persiaran Barat
46050 Petaling Jaya, Selangor
Malaysia

Tel: +603 74910700
Fax: +603 79316923
Email: salesmalaysia@lucyelectric.com
Web: www.lucyelectric.com

Lucy Switchgear FZE
P.O. Box 17709
Jebel Ali Freezone
Dubai
United Arab Emirates

Tel: +971 4 808 0333
Fax: +971 4 808 0444
Email: lucyfze@lucyfze.ae
Web: www.lucyelectric.com

Lucy Electric South Africa Pty. Ltd.
Unit 12 & 13, Block C,
Honeydew Business Park
1503 Citrus Street, Laser Park,
Honeydew,
Johannesburg, 2170,
South Africa

Tel: +27 (0)11 0257490
Fax: +27 (0)11 0258779
Email: salesza@lucyelectric.com
Web: www.lucyelectric.com

Lucy Electric India (Private) Ltd.
H-21, MIDC, Ambad,
Nasik 422010,
India

Tel: +91 2532 381603
Fax: +91 2532 381542
Email: IN-NSK@lucyelectric.com
Web: www.lucyelectric.in

Lucy Electric Manufacturing & Technologies India (Private) Ltd.
R.S. No. 26-30 Halol-Baroda Toll Road,
Vil. Noorpura, PO. Baska, Tal. Halol,
Dist. Panchmahal,
Gujarat, 389350,
India

Tel: +91 2676 304900
Email: leindia@lucyelectric.com
Web: www.lucyelectric.com

Lucy Switchgear Arabia Ltd.
Novotel Business Centre,
P.O. Box 35340,
Dammam 31488,
Saudi Arabia

Tel: +96 638 147910
Fax: +96 638 147914
Email: salessa@lucyelectric.com
Web: www.lucyelectric.com

Lucy Electric Beijing Co. Ltd.
021 Office in DE1, 8th Floor, Tower B,
Gateway No.18 Xiaguangli,
North Road, East Third Ring,
Chaoyang District,
Beijing,
China

Email: salescn@lucyelectric.com
Web: www.lucyelectric.com

Lucy Electric (Thailand) Ltd.
500/64 Moo 3 Tasith, Pluak Daeng
Rayong 21140
Thailand

Tel: +66 (0) 33 684 333
Email: salesth@lucyelectric.com
Web: www.lucyelectric.com

Lucy Electric (Thailand) Ltd.
388 Exchange Tower, 37th Floor Unit 3702, Sukhumvit Road,
Klongtoey Sub District
Klongtoey District
Bangkok 10110
Thailand

Tel: +66 (0) 2663 4290
Email: salesth@lucyelectric.com
Web: www.lucyelectric.com

Lucy Equipamentos Elétricos Ltda.
Araucárias Avenue 2558
Araucária CEP 83 707 067
Paraná,
Brazil
Tel: +55 41 2106 2801
Email: salesbrazilL@lucyelectric.com
Web: www.lucyelectric.com

Lawson Fuses India Limited
Plot no.159, Sec.16
HSIIDC Industrial Estate,
Bahadurgarh Haryana - 124507,
India

Tel: 01276 297771
Mob: +91 7056777782
Email: info@lawsonfuses-india.com
Web: www.lawsonfuses-india.com

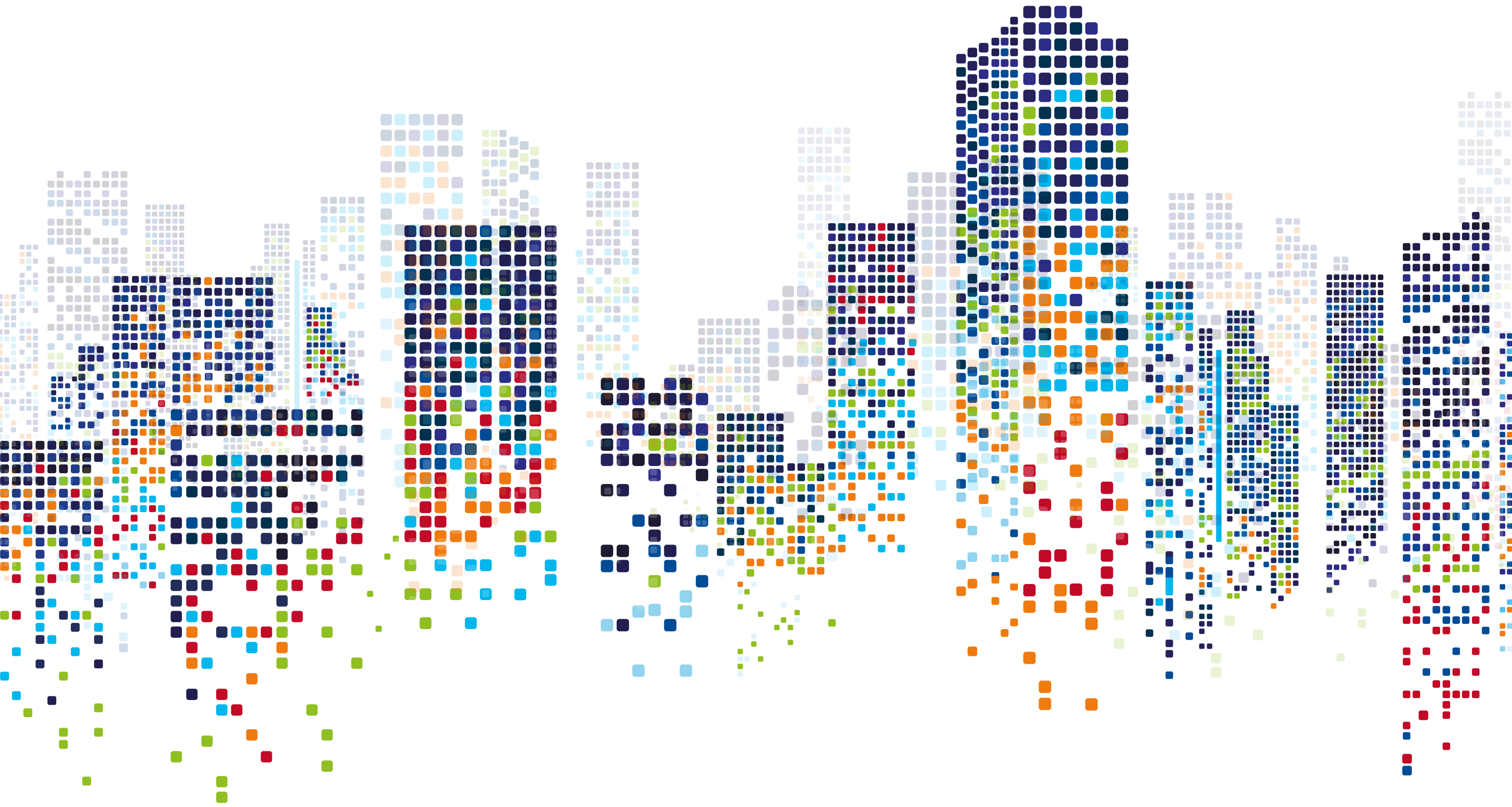
Group Head Office

Lucy Group Ltd.

Walton Well Road, Oxford, OX2 6EE

Tel: + 44 (0)1865 518150
Tel: + 44 (0)1865 510565
Email: info@lucygroup.com
Web: www.lucygroup.com

www.lucygroup.com



This is printed on Koehler Iprint

FSC

An FSC approved product

FSC® C016508

Lucy Group Ltd

Eagle Works · Walton Well Road
Oxford · OX2 6EE · UK

t: + 44 (0)1865 518164
f: + 44 (0)1865 518179
info@lucygroup.com

Registered office: Eagle Works, Walton Well Road, Oxford, OX2 6EE **Registered number:** 51908 England and Wales