Lucy Group Ltd

2020 Annual Report & Accounts

www.lucygroup.com

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

Contents

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Chairman's Introduction

Results overview

I am writing my introduction for the 2020 Annual Report and Accounts with a sense of pride and admiration for all at Lucy Group during what has been one of the most challenging and unpredictable years faced by the Company. Each, and every, employee has played their part in addressing the difficulties arising from the global pandemic and contributed to what has ultimately been a very successful year for the Group.

Driven by Lucy Electric's strong performance in the second half of 2020 the Group's sales increased by 8% to £204.0m (2019: £189.6m) and profit before tax increased to £26.7m (2019: £6.2m), with this including a £3.2m increase in the fair value of the Group's investment properties (2019: £4.1m). There has been a cash inflow of £14.9m (2019: £6.6m) and the Group's net assets exceeded £200m at the end of the year. This represents an excellent result overall in what has been a testing year for both Lucy Controls and our Real Estate business with both severely impacted by the impact of coronavirus.

To mitigate the potential financial impact of Covid-19, difficult decisions were taken by the Board, and each of our Group businesses, to manage our cost base, preserve cash and steer the Group through the pandemic. These included support from the UK Government's Job Retention Scheme and some restructuring in Lucy Controls. Further details of this support can be found in the Financial Review, on pages 10 and 11. Agreement was also reached with employees to apply salary reductions and, to preserve cash within the Group, the final dividend for 2019 which was due for payment on 5 May 2020, was cancelled. I am pleased to report that the Group's strong second half and, hence, full year, performance has enabled salary reductions to be repaid. In addition a second interim dividend was paid in December 2020 as detailed below.

Our key financial and non-financial performance indicators, which are used to monitor the key drivers of the business, underline the Group's strong full year performance with a positive year on year position for each indicator, apart from that measuring the occupancy rate for rental properties which despite the effect of Covid-19 on the rental market, was only marginally lower than 2019.

We continued to invest in enhancing the Group's international presence and in targeted innovation and product development, particularly in the electric vehicle sector, smart city technology and smart ring main units for electricity networks. This will enable the Group to benefit from commercial opportunities in a rapidly evolving marketplace and deliver long-term value to its stakeholders. Focus on strong cost control, and management of our overheads, helped mitigate pricing pressures in a competitive market, and we remain committed to the delivery of cost reductions and efficiencies throughout our procurement processes and from the supply chain.

The UK's withdrawal from the European Union has, to date, had little impact on the Group but we recognise that significant political and economic uncertainty remains which may disrupt and add additional costs to the Group's supply chain. The potential to secure skilled labour may also prove to be an issue which could adversely impact performance and increase further the Group's cost base.

The Group's foundations remain strong and it is well positioned to deliver profitability in line with our long-term strategic objectives. We remain committed to investing in our people with ongoing training programmes designed to raise skills and encourage personal development, and have supported, wherever possible, their ability to work from home. To assist with the changing working arrangements Microsoft's cloud-based office 365 software was introduced throughout the Group. Continued development of our business systems and management information is core to the Group's growth and during the year, Lucy Electric successfully upgraded Microsoft Dynamics AX to Microsoft's latest D365 cloud-based product which will improve our processes and quality of information. In 2021 we will commence a programme to identify and implement new business software to support the future requirements of Lucy Real Estate.

Dividend

Our strong performance in the second half of 2020 enabled the Board to approve a second interim dividend of 121 pence per share, equivalent to the cancelled final dividend for 2019. This followed a first interim dividend of 88 pence per share. The Board recommends a final dividend of 127 pence per share, to be paid on 5 May 2021 to shareholders on the register on 31 March 2021 which, including the first interim dividend of 88 pence per share, represents a normalised full year dividend of 215p (2019 dividends paid and proposed: 209p). There was no special dividend paid during the year (2019: none).

The Board

We have seen two changes to the Board's composition during the year, one due to a sad event with the death of Robert Dick

I would like to pay tribute to Robert who served as a Non-Executive Director from 1998 until his death on 26 March 2020 after a long battle with cancer and the additional complication of Covid-19. Robert served on the Remuneration and Audit Committees, chairing the latter for many years. He provided a valuable contribution to the Board with his skills and experience helping to drive the Company's development and expansion over his long period in office. His experience and knowledge of the business will be much missed.

Richard Dobbs, a former senior partner at Mckinsey and Co and Director of the Mckinsey Centre for Government, was appointed as a Non-Executive Director with effect from 1 July 2020 and we look forward to the contribution that he will bring to the Group's strategic development.

Strategic Developments

The Board sets, reviews and shapes the Group's long-term strategic vision and direction, with each business unit leadership team preparing their own medium-term plans and identifying the level of resources required to deliver them. During the year, the Board received regular updates and presentations from each business unit to enable it to review performance against the Group's strategy and the business' plan and take appropriate action to address any identified concerns. During 2020 this approach enabled the Board and each business unit to address and resolve issues raised by Covid-19 and will support the Group's prospects for future growth.

In 2020, Lucy Electric performed strongly and continued its programme of product development and cost reduction, with process improvements identified from engineering, manufacturing and procurement activities. During the year there was good progress on the continued development of a cost effective, environmentally friendly ring main unit, as an alternative to those requiring the use of sulphur hexafluoride ("SF6") gas . Collaboration with Lucy Zodion on the development of smart technologies will support the evolving market for electricity networks and for electric vehicles where new products to support vehicle charging infrastructure have been introduced.

Whilst it has been a difficult year for Lucy Zodion and Lawson Fuses, with both restructured and requiring strong cost control to address the impact of Covid-19, we recognise the longer-term strategic opportunities that each offers the Group. Ki, Lucy Zodion's smart city product, is realising commercial success and a significant pipeline of opportunities, both in the UK and internationally, has been identified. During 2020, Lawson Fuses successfully relocated its Indian manufacturing site from Delhi to Vadodara and commenced programmes to drive efficiencies from automation of manufacturing processes in both the UK and India.

There has been continued investment in Lucy Real Estate's rental portfolio with St Pauls House, the former Jericho Health Centre in Oxford, receiving planning permission for nine apartments and two commercial units comprising over 7,000 square feet of retail space. Construction is planned to commence in the third quarter of 2021, completing in 2022. While there has been a slowdown in residential property development sales this year, we continue to identify potential acquisition sites for our development pipeline which we anticipate will provide significant future value to the Group.

Recognition

I am delighted to report that the Lucy Group continues to feature in the 'Thames Valley 250' ('TV250'), a listing of the Thames Valley's leading private companies, as the 31st largest private company by its most recently published turnover. During the year we received two awards from Highways England and CEMIG, one of Brazil's largest electrical power companies, in recognition of innovative smart cable technology and equipment for electrical system protection and switching respectively. These endorse the hard work and technical accomplishments of our employees.

Our People

We could not have achieved such excellent results without the commitment and contribution of our employees which throughout the pandemic has been exceptional.

People are our most important asset and we will always put their health, safety and well-being at the core of everything that we do. This was especially important in 2020 and I take this opportunity to thank management teams and members of our Health, Safety and HR teams who, as part of our response to Covid-19 met regularly to consider what actions and communications were needed to safeguard our employees' physical and mental well-being, including those working from home or on furlough, and ensure that the Group complied with all Government guidance.

We will continue to support professional and personal development with investment in training to enhance core skills and, with our leadership programme, to identify and develop high performing individuals and 'leaders of tomorrow'. Furthermore, in partnership with an external specialist organisation we carried out a regular employee engagement survey initially focusing on four key areas, including health and wellbeing and the impact of Covid-19, to build an understanding of our employees' views and identify and address any issues of concern.

Our Communities

A good business does not operate without reference to the communities in which it is based and serves and the Group firmly believes in supporting such communities with financial assistance for local charities and life improving projects which are often suggested by our employees. These can make a real difference and more details can be found later in the Report.

Outlook

Following a positive second half of 2020, underpinned by Lucy Electric's strong performance and increased order book, the Group enters 2021 with confidence. Nevertheless, the global pandemic has not disappeared and, notwithstanding our actions to mitigate its effect, may still impact trading in a number of locations.The longer term economic impacts have still to be evaluated and may vary widely from country to country although more favourable conditions seem probable as vaccines start to reduce infection levels.

We believe that the Group's strategy is correct and we will continue to invest in new products, our people, and information structures and systems whilst maintaining strong overhead management and cost control. The Group's asset base, diversification and geographical spread remains a core strength providing a firm base for enhancing future value for the Group's stakeholders.

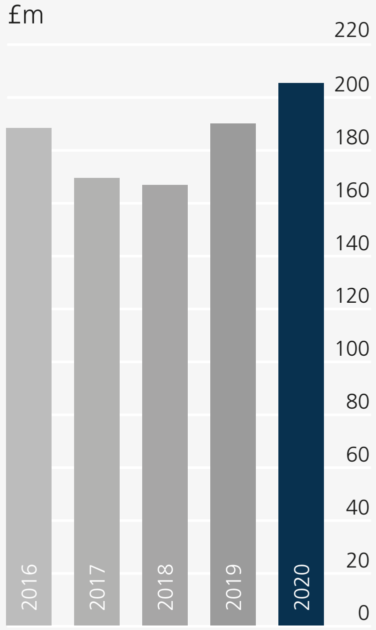
Richard Dick
Executive Chairman

16 March 2021

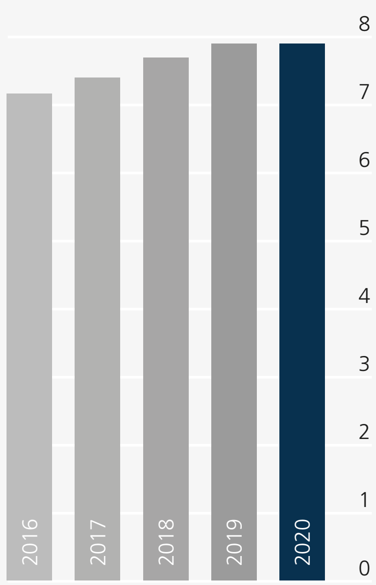
Financial Highlights

Measure	2020	2019
Turnover	£204.0m	£189.6m
Rental Income	£7.9m	£7.9m
Operating profit before net valuation gains on investment property	£26.0m	£5.3m
Operating profit after net valuation gains on investment property	£29.1m	£9.4m
Profit before tax	£26.7m	£6.2m
Total comprehensive income for the year	£16.0m	£0.4m
Net Assets	£201.4m	£186.5m
Earnings per share	4,656p	241p
Normalised dividends per share (paid and proposed)*	215p	209p

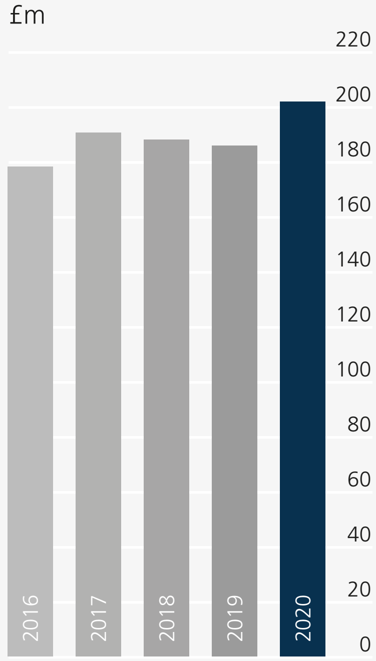
Turnover from continued operations
£m



Rental Income
£m



Net Assets
£m



*On a normalised basis – see Financial Review section for details

Key Performance Indicators

Introduction

The Group has selected a number of key financial and non-financial performance indicators which are used to monitor the key drivers of our business and to align our strategy to performance.

Financial KPIs	Reason for choice	Comments
Sales growth **8%** 13% 2019	Aligns with our growth strategy.	Sales continued to grow as planned through new product sales.
PBT growth **332%** 185% 2019	Profits generated by the business are a key indicator of our performance and key to our long term financial health.	Increased sales volumes, utilisation of our manufacturing facilities and stringent cost control has significantly increased PBT in the year.
Return on Net Assets **13%** 3% 2019	We strive to produce positive returns across all businesses and use this measure to monitor how efficiently we are using our capital. Each business sector has differing asset profiles and returns are measured against an appropriate target for that sector.	Improved performance in our business units, predominantly Lucy Electric, has increased returns this year. The Group's substantial investment property portfolio continues to provide a balanced risk profile with lower risk and accordingly lower returns.

Non-financial KPIs	Reason for choice	Comments
Occupancy rate for rental properties **98%** 99% 2019	The Group has a significant investment property portfolio and occupancy is a useful indicator for income and customer satisfaction.	A challenging year with Covid-19 impacting our rental portfolio led to a modest reduction in occupancy.
TCO_2e **13.2** 13.2 2019	We are committed to reducing our impact on the environment, as highlighted in the Corporate Responsibility section on page 18 Lucy Electric purchases sulphur hexafluoride (SF6), a greenhouse gas, for use in some of its products. As this is not consumed by the Company only loss during normal manufacturing process is included in this figure.	Lucy Group voluntarily discloses CO_2 information for Scope 1 (Direct), Scope 2 (Energy Indirect) and Scope 3 (Other Indirect) emissions. Therefore, figures are not comparable with businesses who provide only Scope 1 and 2 emissions. This measure incorporates both CEMARS audited data and indicative figures for Group businesses not yet within the CEMARS reporting framework. Whilst in absolute terms this measure remained unchanged the intensity improved as volumes increased by 8%.
Accident Frequency Rate **43** Accidents per 1,000 employees. 45 2019	The health and safety of our employees is of paramount importance and we have a proactive approach to monitoring and improving this across the Group. The nature of the core business involves potential risks to health & safety and our commitment to high standards in this area is outlined on page 24.	Our health & safety team continue to work with management and employees in all locations to increase safety awareness and monthly accident reporting by location is undertaken and presented at Board Meetings. The Group figure reduced by 4% and whilst most office staff were working from home it is still considered representative of improvement within our manufacturing locations.

Business Model & Strategy

Who we are

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

Our purpose

Improving people's lives - sustainable homes, smart lighting and 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:

- Constantly seeking to improve and develop our products with success being measured by sales performance
- 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
- Managing gross and net margins through efficient material sourcing, product manufacturing, stock management and cost control
- 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.

Our Values

"Well being, supported through our values, is central to our business strategy because people are our greatest asset, and a happy and healthy workforce is vital to our business success"

Our values are a statement of who we aspire to be and set the foundation for how we operate and do business. Officially launched in 2019 through employee collaboration, our values represent Lucy Group as an organisation, demonstrated through our employees' behaviours and actions.

Our values underpin our business strategy, inform our people and business decisions, and form the basis of guiding principles at a local business level. Our values are further embedded across the organisation through the communications we share and the training we deliver, found in all of our regional offices and locations in the form of posters, mouse mats, badges, digital icons, and recognition cards to build awareness and familiarity.

Our recognition tools (aligned to values) encourage vertical and horizontal recognition across the business, in both a digital and print version. This promotes the sharing of success stories across the group and demonstrates how others are living and leading the values.

Financial Review

In a challenging year, when difficult decisions were taken to mitigate the impact of Covid-19, the Group's full year results were strong, principally arising from Lucy Electric's exceptional performance in the second half of the year and resulted in a profit before tax of £26.7m (2019: £6.2m). Whilst each of our businesses are recovering at different rates from the effect of the global pandemic, the Group's underlying position is resilient and well-positioned to deliver ongoing profitability in line with our long-term strategic plans.

The Group's key performance indicators ('KPIs'), which were introduced last year, are disclosed on page 7 and show positive progress.

Covid-19

The Group's operations were, like most businesses, impacted by the global pandemic and by resultant government actions which inhibited business activity. Within the UK, the Group has benefited from the UK Government's support for businesses affected by Covid-19. In the financial year a total of £1.0m was received under the Job Retention Scheme, comprising £0.7m and £0.3m in the first and second halves respectively. No claims were submitted beyond October 2020. Unfortunately, the lower activity also resulted in a limited number of redundancies. There were no government grants or loans under the Coronavirus Business Interruption Loan Scheme applied for and currently there is no intention to participate in the potential Job Retention Bonus Scheme. Additionally, as facilitated by the UK Government, the Group deferred certain VAT and PAYE payments due in the first half of the year, which were all subsequently paid in full during 2020.

Revenue

Group sales for the year were £204.0m (2019: £189.6m) an increase of 8% on last year or 9% on an Organic Constant Currency (OCC) basis. Sales in the second half of the year were ahead of last year and recovered strongly from the first half year which was particularly impacted by the pandemic.

Rental income increased during the year by 0.4% to £7.9m despite delaying some rent increases and lower occupancy levels resulting from Covid-19. The annual passing rent of our portfolio now stands at £8.2m split 90:10 between residential and commercial tenancies.

Gross Margin

Gross margin increased by 6 percentage points to 30% driven by higher volume, improved product mix, lower material costs and from increased utilisation of the Groups' manufacturing facilities.

Material cost as the largest element of cost of sales, continues to be closely monitored and a combination of procurement savings and the ongoing value engineering activities enabled lower costs.

Direct labour costs increased in absolute terms although they have reduced as a percentage of sales due to improved productivity.

Our diverse business units and product portfolios means breaking this down further is both complex and commercially confidential.

Overheads

Overhead costs decreased by 12% compared to 2019 whereas on an OCC basis they decreased by 11% after excluding currency movements.

These cost reductions reflect a combination of enforced Covid-19 cost savings and business led cost containment measures.

Product development programmes have been adversely impacted by Covid-19 particularly external testing at European test stations. No development expenditure has been recognised as an intangible asset this year.

Operating profit

The Group reported an operating profit before net valuation gains of £26.0m (2019: £5.3m) largely due to increased sales and tight cost control. There was a net valuation gain on the Group's investment property assets of £3.2m (2019: £4.1m) reflecting a stable Oxford property market resulting in an operating profit after net valuation gains for the year of £29.1m (2019: £9.4m).

Profit before tax

Profit before tax for the year was £26.7m (2019: £6.2m) after charging net finance costs of £2.5m (2019: £3.2m) representing a year on year increase in profit before tax of 332%.

Taxation

The Group has an overall tax charge of £4.7m for the year, comprising a UK tax charge of £2.2m and an overseas tax charge of £0.9m. Deferred tax on the revaluation of investment properties was £0.7m for the year offset by £0.7m of other timing differences. Additionally as mentioned in last year's report the UK government enacted legislation changing the long term corporation tax rate from 17 to 19% creating a deferred tax charge of £1.6m in the year.

It was announced by the Chancellor in the March 2021 budget that the Corporation Tax rate in the UK is to increase from 19 to 25% from April 2023. When enacted this will result in a tax charge of c. £5.0m, increasing deferred tax liabilities and reducing net assets accordingly.

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 taxpayer is safeguarded.

Discontinued operations

The closure of Lucy Castings was successfully completed during the year with lower than expected closure costs resulting in a £0.6m provision release. This item is reported separately under 'Loss from Discontinued Operations' in the Group's Consolidated Income Statement.

Dividends

The Board recommends an increased final dividend of 127 pence per share, which taken together with interim dividends of 88 pence and 121 pence respectively gives a payment of 336 pence per share for 2020. The second interim dividend replaced the proposed final dividend for 2019 which was cancelled to maintain cash within the Group and mitigate the financial risks associated with the pandemic. On a 'normalised' basis, and for comparative purposes, the total 2020 dividend, comprising the proposed final dividend and the first interim dividend only, is 215 pence per share (2019: 209p), representing a 3% increase. 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

There were no business combinations in the year. The contingent consideration for Lawson Fuses Ltd has delayed its integration into Group systems and processes, although Lawson Fuses India relocated from Delhi to Vadodara during the year. In 2021 integration is planned following completion of the earn out period.

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 inflow of £14.9m (2019: £6.6m) which allowed us to repay £10.7m of borrowings during the year.

Operating cash flow before changes in working capital, interest and taxes was an inflow of £29.0m (2019: £5.7m) largely from an increase in operating profit.

Working capital increased by £12.1m (2019: £7.0m decrease) due to the higher activity in the fourth quarter of the year. Inventory increased by £13.3m including £2.1m for property development inventory in Lucy Real Estate. Receivables increased by £10.0m and payables and provisions increased by £11.9m. Changes in the value of derivative financial instruments was an outflow of £0.8m (2019: £0.2m).

Interest was an outflow of £0.6m, a decrease of £0.3m compared to last year and tax payments were £1.3m (2019: £0.8m).

Investing activities at £0.1m (2019: £4.4m) were curtailed by the pandemic as the Group reduced it's spend in order to preserve cash. Capital expenditure was £1.7m and proceeds from disposals of property, plant and equipment were £1.5m, largely from the sale of the Lucy Castings Oldbury site.

Capital commitments at the end of the year were £0.5m (2019: £0.1m) reflecting projects underway at the end of the year.

Financial position

Group borrowing facilities increased during the year by £3.0m to £43.0m whilst actual borrowings decreased by £11.1m to £17.7m at 31st December 2020. The Group had net cash of £3.2m compared to net debt of £11.2m last year and net assets increased during the year by £14.9m to £201.4m.

The Group's financial metrics remain strong with gearing of 9% (2019: 15%) and interest costs covered 41 times (2019: 5).

Return on net assets

The Group recorded a return on net assets of 13% (2019: 3%) during the year.

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 2020 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 to reduce the risk of volatility of the Group's liabilities.

A triennial valuation of the scheme was performed as at 6th April 2020, however given the extreme market conditions created by Covid-19 a post valuation was undertaken as at 31st August 2020. This valuation revealed a scheme deficit of £4.4m compared with a surplus of £3.9m in the previous valuation. Consequently, the Company agreed a recovery plan requiring deficit reducing contributions of £0.7m per annum from 1st January 2021 to 1st December 2023, increasing to £0.8m per annum from 1st January 2024 to 31st December 2027 with a final payment of £0.3m by 31st May 2028. Additionally, the Company will increase its contributions in respect of active members of the scheme from 24.5% to 28.8% of pensionable salary from 6th April 2021.

The separate IAS 19 valuation performed as at 31st December 2020 showed an increase in the Group's pension deficit of £4.3m to £11.9m which due to the relative changes in scheme assets and liabilities resulted in a reduction in the funding level from 89% to 84% during the year. The increase in the scheme deficit was largely attributable to a fall in bond yields during the year reducing the discount rate on the scheme's liabilities by 0.7% per annum to 1.4% per annum. Also, a change in the mortality assumption has resulted in higher life expectancies and hence higher liabilities. These deteriorations were partly offset by an increase in the fair value of the scheme's assets, and from additional Company contributions of £0.6m paid during the year. The related deferred tax asset increased by £1.0m which resulted in a net pension liability of £9.6m 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 £1.2m.

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.

Gary Ashton
Group Finance Director

16 March 2021

Business Overview
Lucy Electric

Our 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 based on over 100 years of engineering excellence, deep industry knowledge and strong technical expertise.

Benefitting from an international network of design, manufacture and supply channels whilst collaborating with specialist third parties, including Lucy Zodion on the development of smart technologies, Lucy Electric provides innovative, flexible and value-adding solutions for our customers in a rapidly evolving world.

A positive end to a difficult year

In 2020, the Covid-19 global pandemic dominated activities across all Lucy Electric's markets in what was without doubt a challenging year for the business and all our employees.

After an encouraging start to the year, the impact of Covid-19 significantly disrupted operations with a material decline in sales during the second quarter arising from the effect of coronavirus and actions taken by Governments to address this, including a national lockdown in the UK, which inhibited our markets and supply chain. We developed health and safety protocols, processes and procedures to ensure that all colleagues working in Lucy Electric's manufacturing facilities and offices could do so in a safe and compliant manner with technology used to create a virtual environment to facilitate colleagues' ability to work from home wherever possible and feasible to do so. We also participated in the UK Government's Job Retention Scheme where it was appropriate to do so. This agility and flexibility ensured that the business retained resilience, both protecting our colleagues and enabling continued focus on customer support and service.

The second half of 2020 delivered a substantial improvement in sales, with good market demand from utilities and non-utility customers throughout all markets and produced a full year order intake of over £250m. Positive results are already being seen with orders for smart ring main units and significant growth in the renewables market, in solar, wind and floating solar. In the second half of 2020, Lucy Electric's manufacturing facilities raised output in response to increased customer demand and, globally, there has been increasing demand for the Aegis 36kV intelligent solution mainly associated with renewable energy projects. This resulted in a full year sales increase of 15%, driven by new products, and a significant increase in pre-tax profitability. Furthermore, Highways England agreed to fund delivery by Lucy Electric of its cable smart product, utilising Gridkey monitoring technology, which delivers significant safety benefits, energy, and cost savings for motorway lighting.

An evolving marketplace

Operating in nine countries across four continents, Lucy Electric can leverage the benefits of an international business but with a local presence. It understands the importance of maintaining a diverse range of customers, each with their own cultural requirements, business customs and practices, and has an established network of local sales offices, supported by technical centres of excellence in the UK and India, to both meet customer requirements and develop the brand within existing and new markets.

In recognition of the increasing move away from carbon-based energy and towards the growth of renewable generation sources we have embraced digitisation, continued the evolution of smart grid technologies, and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1 Lucy Electric Brazil won the CEMIG´s best supplier prize for electrical system protection and switching.
2 Highway England infrastructure award for innovative smart cable technology.
3 Next generation AcuTec LV fused and monitoring cabinet to predict changing demand of EV and renewables.

Making Networks Intelligent


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developed smart ring main units. We are collaborating with Lucy Zodion to deliver value from smart technologies and the growing market for electric vehicles and, hence, need for additional charging capacity and seeing sustained growth in the UK from our energy services offering.

Innovation and investment in a dynamic landscape

Throughout 2020, the environment, climate change and the journey towards a carbon neutral society have driven the ongoing reduction of fossil fuels and presented fundamental challenges for electricity generation and supply which creates significant opportunities for businesses capable of supporting this transformation.

Product innovation comprising strong value-led engineering is vital for Lucy Electric to deliver long-term sustainable value, margins and profitability. Its ongoing strategy is to review, develop and supplement its existing product range to address a dynamically changing marketplace driven by the increasing move to renewable sources of energy to meet net zero commitments on carbon emissions. Despite the closure of many European test stations for much of 2020 and travel restrictions across Europe, our engineering team created a virtual environment to support external testing in Berlin of an environmentally friendly ring main unit, at voltages of up to 17.5kV, as an alternative to those requiring the use of SF6 gas.

Our extensive automation range and medium and low voltage monitoring portfolio will support the evolving requirements of utilities and independent power producers as they develop smart networks.

Investment in and improvement of Lucy Electric's information systems are key drivers of our strategic growth objectives, further improving our quality of management information. During the year there was successful completion, on time and to budget, of a project to upgrade Microsoft Dynamics AX, our fully integrated enterprise resource planning system, to Microsoft's latest cloud-based product, D365. Additionally, further product ranges have been added to the 'Tacton' product configuration software used to simplify commercial delivery and reduce engineering complexity, and it is expected that all product ranges will be included by the end of 2021.

Lucy Electric's product development and innovation was recognised in 2020 by two awards from Highways England and CEMIG, one of Brazil's largest electrical power companies, for innovative smart cable technology and equipment for electrical system protection and switching respectively. These underline an innovative approach and the technical capability of our engineering teams as does our ongoing commitment to work with our supply chain partners to identify and implement improvements in their manufacturing processes to reduce the production costs of individual items which benefits both parties.

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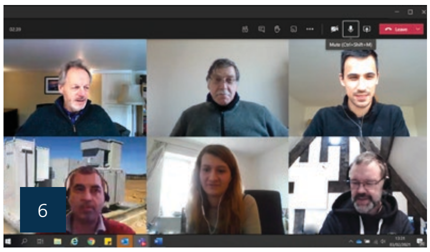
The Lucy Electric team

We recognise that all employees in Lucy Electric work in a 'single team', equally important in support of each aspect and element of the business and are committed to recruiting and developing talent with continuous investment in our training and career development programmes. Working closely with our HR colleagues, we seek to identify the most appropriate candidates for our apprenticeship scheme from local schools, colleges and other educational institutions.

Employees' health, safety and well-being is of paramount importance and we have sought to ensure that colleagues work in a safe environment during the pandemic, providing technological solutions where individuals were, and continue to be, unable to meet in person. Two-way communication and feedback is vital for continuous improvement and externally facilitated employee engagement surveys commenced in 2020 to ensure that our management teams understand the views of our employees and address any issues that are identified.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4 Lucy Electric engineer working on the automation of electrical testing as part of the Cable Smart project
5 Sheet steel bending in the UAE manufacturing unit during pandemic
6 Typical virtual business meeting using Microsoft Teams

Business Overview
Lucy Controls

Lucy Controls comprises Lucy Zodion, the Group's leading street-lighting controls business, and Lawson Fuses, a long-established specialist in the design and manufacture of high rupturing capacity low voltage fuses.

Vision
To have our products on every street around the world

Our commitment to connectivity in a digital world

Notwithstanding the need in 2020 to address the impact of the global pandemic, Lucy Zodion has always provided its customers with the means to reduce both their carbon footprint and their energy costs and it remains committed to developing and creating value from its lighting control and power distribution solution in an increasingly digital and environmentally conscious world. Our aim is to remain at the forefront of innovation, developing new products that enable citywide connectivity and provide informed, clear and useful information whilst continuing to leverage value from our core, traditional products and markets, including electrical distribution pillars which are capable of supporting the electric vehicle charging market, photocells, isolators and software services for central management systems.

A year of disruption

Following a promising start to the year, Lucy Zodion's sales were severely reduced by the fallout from the global pandemic with significantly lower customer demand in the second quarter and lower than budgeted sales throughout the second half of the year. To help mitigate the financial impact of Covid-19 the business furloughed a number of employees under the UK Government's Job Retention Scheme during the first national lockdown. Furthermore, we adopted methods and processes to accommodate safe working practices, applying hygiene and social distancing protocols, and facilitated home-working where possible. Despite some upturn in performance this did not return to pre Covid-19 levels resulting, unfortunately, in a redundancy programme and reduction in working hours for some other roles together with curtailment of recruitment. Actions were also taken to reduce all other costs throughout the business, and development expenditure refocused onto defined customer requirements and needs.

Looking forward into 2021 and beyond

We recognise that 2020 has clearly provided a setback in our plans to develop Lucy Zodion and that in the short-term there remains considerable market uncertainty, notably in the hospitality and transport sectors and from financial constraints on local authority expenditure arising from the impact of Covid-19. We have, however, seen green shoots of optimism from notable achievements during the year which, together with the increasing importance of sustainability and the environmental agenda for our customers, whose carbon reduction plans we focus on supporting, provides firmer foundations for the future.

In the UK, Ki smart city products were installed in Aberdeen, and the business has secured an initial order to supply Ki to fifty thousand streetlights in Bradford. We also deployed a significant number of pilots which we expect will broaden our customer base both in the UK and overseas, with the development of smart city opportunities in Europe a key commercial focus for our recently appointed European Business Development Manager. A strong sales pipeline for Ki smart city products underlines the scale of potential opportunities with our focus being the realisation of priority projects through 2021.

Whilst infrastructure has been affected by the coronavirus, it has an inherent momentum from de-carbonisation of transport which we anticipate will deliver long-term opportunities. The move towards electric vehicles and increasing need for additional charging capacity will increase demand for electric vehicle charging pillars.

Leveraging international growth through collaboration

Our commercial focus is supported by the ability to leverage benefits from Lucy Electric's international footprint and working with their sales teams to identify and deliver mutually beneficial opportunities for smart technologies. This capability differentiates the Group from other players in the market and supplements Lucy Zodion's own resources thereby enabling new markets and territories to be opened. Benefits from this collaboration are already being delivered.

1 EV electrical distribution pillar
2 Ki desktop screen and smart lighting infographic

Constant innovation for a smarter tomorrow

Vision
To be the market leader in low voltage fuses and fuse-holders

Lawson Fuses is a widely recognised and respected brand with a portfolio of high quality HRC fuse products and an established international customer base. Building on these foundations, the strategy has been to strengthen the management, broaden the product range, and refresh the production processes to grow sales in both existing and new markets. This includes collaboration with Lucy Zodion and Lucy Electric to identify market opportunities and supply chain benefits both in the UK and overseas.

Investing for future growth in a difficult year

It has been a difficult year for Lawson Fuses with action taken both to address the impact of the global pandemic on the business and to maintain its commitment to laying strong foundations for future development and growth. To mitigate lower revenues, and assist with necessary cost management, whilst retaining valuable skills within the business, a number of employees were furloughed at different times during the year under the UK Government's Job Retention Scheme.

Notwithstanding the need to take difficult actions, there has been continued investment in the business with the appointment of David Hood as General Manager to lead the business supported by a strengthened sales and marketing team which benefits from the larger Lucy Group commercial sales network in both the UK and internationally. A refreshed website is under construction which will provide key support for our commercial teams and integration with the Group's IT and HR systems and processes will commence in 2021.

Lawson Fuses' Indian production facility was successfully relocated from Delhi to Vadodara, in the Indian state of Gujarat, and a senior operations team recruited to manage the new facility and support commercial opportunities. We anticipate significant benefits from the unit being closer to the Lucy Electric site with additional engineering, technical and commercial support complementing our own resources. The process of enhancing our UK and Indian facilities has commenced and will continue through 2021 which will enable the business to scale up and drive efficiencies from production processes.

Products for a sustainable world

Founded in 1938, Lawson Fuses has supported its customers for over 80 years with products developed to meet a continually evolving marketplace. We fully recognise the commercial benefits that are, and will be, available from products supporting renewables and sustainability and are committed to enhancing our range with new product development core to the future success of the business. To this end we have identified a range of new products to be added to the development pipeline which will support global infrastructure and electrification plans and the extension of our current range to include electric vehicle and solar applications.

We believe that the actions taken during the year have mitigated the impact on the business from the pandemic and provided firmer foundations for its future growth. We will provide an update on progress in next year's Annual Report.


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3 Fuse barrels
4 Pre Covid-19 fuse production, United Kingdom
5 New fuse assembly line in Vadodara, India

Business Overview
Lucy Real Estate

Vision
To be the leading provider of high-quality residential property in Oxford and the surrounding area that enables people to increase their housing choices.

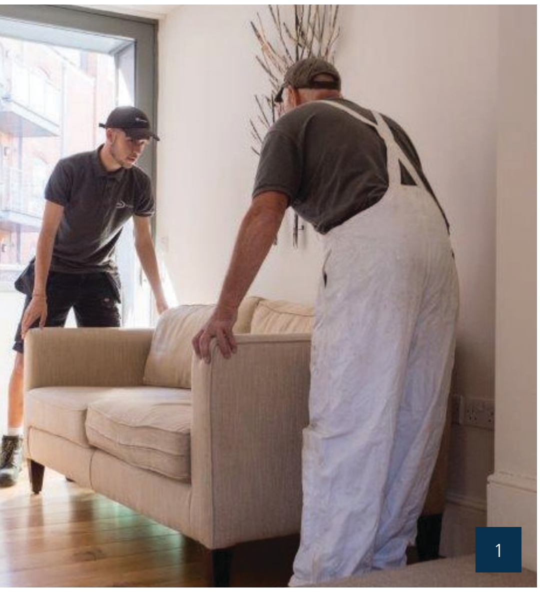
This entails recognised lettings and residential development brands which are synonymous with high quality and service.

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 and to undertake development of quality homes in and around Oxfordshire. The business will continue to actively acquire assets when available and which provide appropriate levels of return.



Building value over the long-term

During 2020 the Lucy Real Estate business comprised 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 acted for residents' management companies, undertaking their contractual repair and maintenance obligations.

Following a strategic review, and in order to focus on generating income and value from our rental portfolio and property development business, we have decided to withdraw from providing bespoke services to residents' management companies with this transitioning in the first half of 2021.

A challenging year

It has been a very challenging 12 months for Lucy Real Estate with Covid-19 impacting our rental portfolio and, more materially, our property development business. Whilst total rental income remained resilient, with a modest year on year increase, there was a considerable number of our residential tenants adversely affected by the prevailing economic conditions and employment uncertainties who, particularly during the first UK national lockdown in Spring 2020, vacated their properties which required these to be re-let. We sought to provide assistance for tenants where able to do so, including the deferral of rent reviews until December 2020 which helped to support our rates of tenant occupancy, revenue and profitability.

The actions taken by the UK Government and the building industry to mitigate the impact of Covid-19 significantly affected our development sites with these shutting or slowing down at different times combined with material shortages throughout the year resulting in construction delays. Hence, residential sales were materially below both 2019 and our expectation for 2020 resulting in losses being sustained by Lucy Developments despite mitigating action to reduce expenditure on overheads. As a consequence, there was a 13% decline in Lucy Real Estate's profitability.

Continuing investment in our rental portfolio

Throughout 2020 we have maintained our strategic philosophy to develop Lucy Properties' rental portfolio of high-quality

1 Furnishing apartment, Eagle Works, Oxford
2 Visualisation of regenerated St Paul's House, Oxford

Solid returns in uncertain markets

well-maintained properties and continued the investment programme to refurbish and deliver improvements and upgrades across our existing portfolio. We secured planning consent for St Pauls House, the former Jericho Health Centre in Oxford, for nine new apartments and two retail units comprising 7,000 square feet of commercial space with the intention to commence construction in the third quarter of 2021 for completion by the end of 2022. This represents a significant investment in our rental portfolio as is our commitment to implement a new dedicated business system and development of a more focused and user-friendly online marketing presence.

There has been detailed work to develop and implement comprehensive Covid-19 compliant protocols, processes and procedures to ensure that our maintenance team has been able to operate safely when maintaining and enhancing rental properties. Wherever possible the team has prioritised completion of items that were delayed during the two national lockdowns and has fully complied with social distancing requirements and respected tenants' wishes during the pandemic.

Our focus remains on meeting and exceeding our tenants' requirements and expectations, which, pleasingly, has been reflected in positive responses in Lucy Properties' annual tenant satisfaction survey with 97% of respondents willing to recommend Lucy Properties. The central philosophy of valuing our tenants' well-being, including the provision of green space where possible and practical to do so, is paramount in a rapidly evolving world where sustainability and the environment is increasingly important to all stakeholders.

A difficult year for property development

It has been an exceptionally difficult year for our development team and the contractors that work on our development sites with significant operational challenges both on site and with material shortages in the supply chain arising from the impact of Covid-19 and the resultant guidance from the UK Government. Whilst all contractors, and their sub-contractors, have adopted and implemented detailed procedures to operate in full compliance with this guidance, there has been an inevitable delay in the construction process resulting in lower sales.

Delays have also arisen in the planning and appeals process which, together with a more competitive market for consented sites, has placed pressure on our building programme and development property pipeline; we are seeking to address this to ensure that there are no gaps in the construction programme from 2022. Highlights in 2020 include the completion of our development site at Dean Court Road, Oxford comprising nine flats and a house with three of the flats sold during the year. We anticipate a significant sales increase in 2021 from our sites currently under construction and contracts have been exchanged for several houses: Shiplake, Oxfordshire; Long Crendon, Buckinghamshire; Longworth, Oxfordshire; and 70 Cumnor Hill, Oxford.

Lucy Developments remains committed to its strategy of delivering high quality houses in sought after locations using traditional methods in a sustainable manner. We will continue to incorporate the latest design features and energy efficient technology, using superior materials and key professionals and subcontractors at all stages of the planning and construction process. Whilst we recognise that difficulties can arise in an increasingly complex planning environment, when seeking consent we will carefully consider each site and application on its own merits and lodge appeals where we believe a decision is incorrect.

We believe that, over time, the recently approved vaccines for Covid-19 should enable our development sites to operate more efficiently, which, with an increasing number of purchasers who, as a result of the pandemic, wish to work from home, rather than commute, underpins our cautious optimism for an improved performance from Lucy Developments in 2021.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3 CGI of 2 detached houses in Shiplake, Oxfordshire
4 CGI of 2 detached houses in Longworth, Oxfordshire
5 CGI of 6 two bedroom flats, 70 Cumnor Hill, Oxford
6 CGI of 5 detached houses in Long Crendon, Buckinghamshire

Corporate Responsibility

From a corporate responsibility perspective, the focus for Lucy Group for much of 2020 has been the health, safety and wellbeing of our employees across all of our locations in the face of the Covid-19 global pandemic. Keeping our colleagues safe and well during this time has been a significant challenge and one that everyone across the Group has responded to diligently and effectively.

In spite of the pandemic, the Group has continued to contribute positively and proactively to our local communities and the environment. Many dedicated colleagues have gone above and beyond to undertake outstanding initiatives in the face of the many personal and professional challenges brought on by Covid-19. This is a heartening achievement in the midst of the pandemic restrictions and a testament to the commitment and tenacity of so many Lucy employees. Once again, these activities have been captured in our Group-wide Corporate Social Responsibility (CSR) newsletters and a selection of these initiatives are highlighted in the sections below.

Health, safety and wellbeing

In line with government guidance and requirements in all our locations, the Group has implemented all the necessary procedures and precautions to limit the risk of Covid-19 in our workplaces. Frequent and comprehensive communications have been provided to all our colleagues and to relevant stakeholders throughout the pandemic to ensure awareness of and compliance with the requirements. The Group would like to thank all of its employees and stakeholders for respecting and adhering to these procedures. Whilst the outlook regarding the introduction of vaccines in 2021 looks more positive, considerable risks remain and the Group will continue to urge all colleagues and stakeholders to maintain the utmost vigilance and diligence in continuing to follow the necessary precautions.

Led by the HR team and business leadership, there has been a strong focus on employee wellbeing during 2020. The pandemic has created unprecedented and demanding circumstances both professionally and personally for all employees. To address these issues, frequent communications via the intranet, HR newsletters and leadership communications have highlighted the resources available to Lucy employees relating to well-being and mental and physical health.

In addition to Covid-19 measures, our dedicated Health & Safety team have worked closely with our management and employees in all of our locations to ensure the highest standards of safety and wellbeing. Once again in 2020, Lucy Zodion and our Lucy Electric locations in the UK, Dubai, India and Saudi Arabia all successfully achieved recertification to the global Occupational Health and Safety Management system ISO 45001:2018. Maintaining ISO 45001 certification demonstrates our commitment to the highest standards of health & safety.

Investing in our people

Engaging with and developing all our Lucy employees is a key priority for the Group. The Group has also undertaken a number of Group-wide engagement surveys in 2020 to ask all employees their views and give them a voice regarding issues they have identified. Generally, the response-rate has been very good and where issues have been identified, each of the businesses and Group are developing plans to address these.


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1 Lucy Group Macmillan Coffee Morning

During 2020, workforce planning and skills-based assessments have been undertaken with senior managers and their teams across the Group. This work is ongoing but is vital in identifying development opportunities and new skills requirements for employees at every level within the Group. Training courses and online resources have been made more easily available to team leaders to allow greater access to training and development opportunities.

Delivering a sustainable future

Lucy Group is committed to driving forward the social, environmental and economic sustainability of our business. Currently, we benchmark our practices and activities against ISO:26000 international standards for Corporate Social Responsibility (CSR) which incorporates organisational governance; human rights; labour practices; the environment; fair operating practices; consumer issues; and community involvement and development.

Our detailed Corporate and Social Responsibility Policy requires compliance with all relevant legislation. 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.

Lucy Group is developing a Group-wide sustainability framework to ensure there is a clear strategic direction across the Group whilst capturing the many existing activities and initiatives in these vital areas. The Group and its businesses have continued with the wide range of initiatives relating to energy efficiency, water use, recycling, travel and logistics, packaging and plastics.

At a Group-level, all of the business units have aggregated their equivalent Greenhouse Gas (GHG) Emissions data for the second year in a row. The Group recorded similar indicative CO_2 emissions in 2020 compared to 2019. This was achieved during extremely challenging times. Disruption caused by Covid-19 often meant alternative modes of transportation had to be adopted to maintain the

2 Tree planting on site in Lucy Electric, Thailand
3 Bread and food donation for the needy in Curitiba, Brazil

supply chain across the Group and keep our customers furnished with products.

The Group's Purpose is focused on improving people's lives through our products, services and actions. Each of our businesses create products and solutions which improve quality of life and positively contribute to the environment. These products and services include providing products for reliable, safe and efficient electrical grids increasingly powered by renewable energy sources; providing smart city applications through our Ki platform to drive efficiencies and services for local authorities; and creating energy efficient and sustainably-enabled homes.

Contributing to our communities

Lucy Group engages with, and contributes to, communities in all our locations. The range of these activities includes raising money for charitable projects, fostering educational opportunities for local communities, our employees donating their time and energy to local projects, encouraging cultural activities and supporting environmental initiatives.

The range of activities undertaken across our locations is captured extensively in our CSR newsletters and includes:

- Educational support for local schools, colleges and individuals in the UK, India, South Africa and Thailand
- Fund raising and donations for health-related projects and resources in the UK, Middle East, India, Malaysia and Brazil
- Mental health awareness and virtual group events in UK, Dubai, India and Thailand
- Environmental and biodiversity support including tree planting in the UK, India and Thailand
- Local community activities and charity support across all our locations

1 Scholarships given to students whose parents have lost jobs due to Covid-19, Rayong, Thailand
2 International Yoga Day celebrated Vadodara, India

Risk Management

Improving Risk Management to enhance stability and growth within the business

Risk Management philosophy

Risk and the management of risk are fundamental to the success of our business. We encourage our teams to take risks to ensure the continued growth of the business however the risk and choice of mitigation should be commensurate to the return envisaged. All our employees are responsible for taking an active part in appropriately assessing and managing risk, as well as highlighting crystallising risks within our businesses.

Continuous improvement in risk management practices

The Group continues to embed its risk management process across all our businesses, to ensure that there is a good understanding of all the potential upside and downside of all the key factors that may affect both the individual businesses and the Group as a whole. This is to help the Group to ensure that it has suitable decision making, supported by the requisite control and processes to enable the business to achieve its strategic objectives.

We review and measure our strategic risks determining both the likelihood and impact of key risks to business, using a wide range of measurement beyond the core financial measurement, to ensure a wide range of factors are considered as part of the assessment of risk. We concentrate on the residual risk and proportionate actions that could be taken to manage the identified risks.

Embedding risk culture across the Group

The Group Board owns the Risk Management process and ensures the risk management processes are embedded and working effectively across the Group. They also have a good understanding of the significant risks facing the Group, and consider the risk implications of the Board's decisions.

The Executive Directors are responsible to the Board for overseeing the risk management of the entire Group, they meet bi-monthly to discuss the risk activities within the Group to ensure that the risk culture is becoming firmly embedded across all our businesses. The Executive review the individual business entities and the core Group activities to ensure these teams are managing their risks effectively. They also ensure that they consider risk and implications within their own decision making.

The Audit Committee is responsible for overseeing there is an effective risk management process in place and reporting to the Board over its views on its adequacy

Empowering our businesses to enhance their risk management frameworks

The individual entities management teams are responsible for defining and embedding the risk culture into their own operating businesses. They are also responsible for ensuring they understand the risks affecting their businesses and for ensuring their employees are suitably empowered to both identify and deal with these risks appropriately.

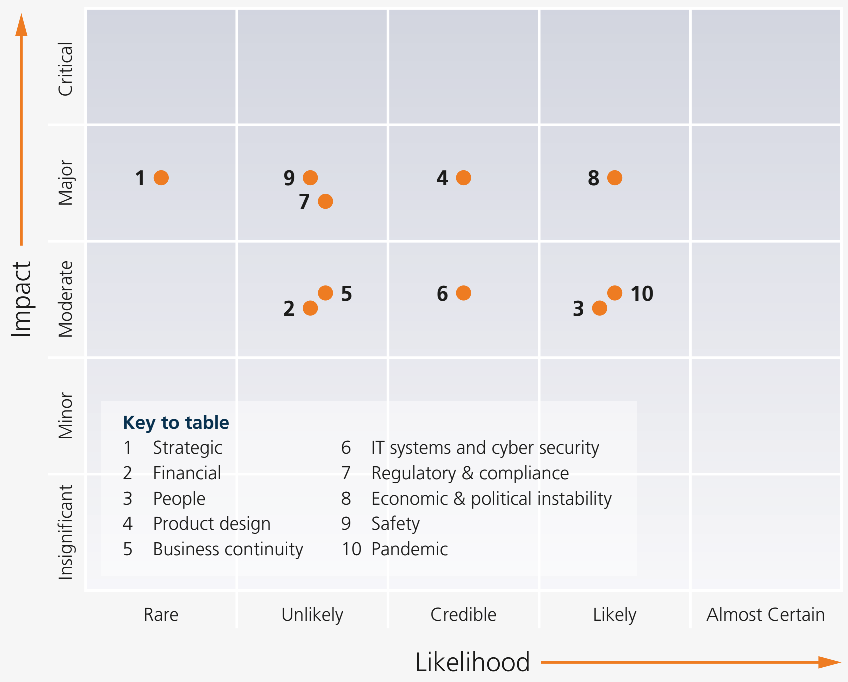
Assessment of risk

We consider a wide range of factors within risk management process both from a macro strategic point of view through to operational risks assessed within each business. We assess each risk identified for both likelihood and impact against a wide range of measures, including,

- Damage to the financial performance of the business
- Damage to reputation
- Production downtime
- Information Security
- Employee Morale
- Management time

The output from these assessments are aggregated into the ten principal risks affecting the Group, which are set out within the Statement of Principal Risks. As we continue to evolve the processes and functions we will seek to enhance and improve the process, and produce information in a more intuitive manner.

Principal Risks



Statement of Principal Risks and Uncertainties

Key business risks are currently identified as follows:

Risk and Impact	Mitigation / Controls
1. Strategic	
There is a risk that the Group strategy does not deliver sustainable business growth and profits.	The Board reviews business strategy, annual budgets and longer-term financial plans regularly, to ensure the business has the resources to provide value for all its stakeholders. The Board invests significant time into formulating, reviewing and communicating strategy to ensure that our approach continues to deliver sustainable returns. The governance of the business is reviewed, with continuous investments in the strengthening and development of management teams.
2. Financial	
Failure of the business to deliver the cash flows forecasted, requirements for increased facilities and therefore increased interest payments, inherent currency risk and management of those risks, bank calls on facilities, requirements for further funding for the pension fund; customer and supplier credit risk; losses arising from fraudulent and dishonest activity.	Treasury strategy is defined within the annual accounts and we have worked to formulate the supporting policies and procedures. Management review cashflow regularly to ensure the business has access to the funds required to continue with it operations. The Group maintains a dialogue with its lenders to ensure that it has adequate medium-term financing in place to support its business operations for the foreseeable future. Loan covenants are regularly monitored. Hedging activity is undertaken to mitigate the FX exposures. The Group reviews options regarding the actions it can take to mitigate its long-term pension risk and consults professional advisors as necessary. There is a whistleblowing policy in place enabling employees to raise fraudulent or dishonest activity.
3. People	
The inherent risk of ensuring the business continues to retain and attract the required talent to sustain and improve the business.	The business has robust polices and procedures in place for recruiting individuals into the business and retention of key employees is important for long term stability and success. Training and mentoring is provided for employees to ensure they can both fulfil their potential and support business success. Training provision is assessed and developed to align with employee development and business requirement. We have a well-defined and published set of values and how this supports our wider company culture, to make it an attractive place for people to work. Performance reviews are conducted regularly across the business to identify development needs and career opportunities aligned to business needs. Workforce planning and succession planning is undertaken to ensure that the right individuals are in the right roles.

Risk and Impact	Mitigation / Controls
4. 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. There is ongoing investment on designing and building innovative and sustainable products, applications, and services for the Group's markets.
5. Business continuity	
The Group is dependent upon the continued availability and integrity of its computer systems together with a number of differing stakeholders to ensure continuation of the business; any prolonged interruption caused by key suppliers, political unrest or systems interruption could affect the continued trade of a business unit.	The Group has developed business continuity, disaster recovery and crisis plans which it continues to appraise, test and refine. A senior executive is responsible for the IT systems with a suitably qualified team ensuring that systems and the IT environment remain resilient. The Group seeks ways to develop and extend its supplier base so as to reduce any over reliance on specific suppliers of products and services and to improve competitiveness. Management continues to monitor the political situation across the globe and can invoke appropriate contingency plans if required.
6. IT Systems and Cyber security	
A third party may seek to disrupt business through either external attacks to disrupt our systems, or seek to steal IP or sensitive data from us. Significant prolonged outages of core systems may affect the efficiency of the business operations.	We use various system protections to reduce the threat from third parties with ongoing assessment and analysis of risks and remediation that could be taken to mitigate such potential risks. The Group IT team is made up of high quality trained individuals tasked with ensuring systems resilience and ongoing investment to prevent obsolescence within our key operating systems. All our employees receive regular information security training which is regularly assessed and developed to ensure that it remains relevant and appropriate. Systems security policies and procedures are embedded within the business.
7. Regulatory and Compliance	
Censure from government or regulators for non-compliance with international and local laws and regulation. Failure of internal control process leads to financial losses. Failure to respond to significant changes in legislation or regulations leaves the company exposed to censure, or obsolete product, or services within its portfolio.	The Group has core policies and procedures in place to address compliance risk. We continue to assess all relevant regulatory developments and review our internal processes, policies and training programmes to ensure that we both mitigate risks and meet evolving compliance requirements. Group management gains assurance on regulatory compliance from all subsidiary management boards annually. We work with both internal and external stakeholders to ensure they abide by our code of conduct and complete due diligence over our key external stakeholders. Management across the business monitor perspective changes to legislation, or regulations and make the necessary changes to either control environment or product design to meet new requirements.

Risk and Impact	Mitigation / Controls
8. Economic and political instability	
Some governments around the world face domestic pressures to support localisation of goods, and have put into place increasingly protectionist measures which may prevent access to their markets. Sustained recessions or austerity budgets, especially in light of the past year's difficulties due to Covid-19, within differing countries could affect demand for some of our products. Although we could see sustained spending within infrastructure to offset suppressed demand elsewhere within the world economies. The world remains, in parts, politically unstable which may affect aspects of the business or impact on employees working or travelling in politically unstable countries.	Management continue to monitor both the political and financial events within key markets, and adjust strategy accordingly. The business has business continuity plans in place should one of our facilities become unavailable for a prolonged period of time. Management teams continue to work towards opening up new markets to diversify risk, and review our longer term strategy to ensure we are not precluded from any key markets for our products and services. Prior to travel by any employees in high risk countries, risk assessments are undertaken to manage, mitigate and, where possible, eliminate risks associated with political instability and/or terrorist activity.
9. Safety	
Some of our colleagues work within a high risk industry, and travel extensively across the globe. Our products are used in the distribution of electricity which has its own inherent risks to both our employees and members of the public.	The Group has a health and safety policy, procedures and training in place across all sites. Health and safety experts are employed throughout the Group. Relevant employees are provided with personal protective equipment, and other equipment appropriate for the environments they work in. We have engineers that work on third party sites, our engineers hold the requisite qualifications for the work they undertake in what can be a dangerous environment, and they undertake full risk assessment prior to commencing work, and following the health and safety guidelines for the environments which they work in. The Board receives and reviews regular health and safety reports which include results from audits, near misses and accidents from all businesses. Near misses and adverse events are monitored to ensure that we continue to improve the safety environment for all our stakeholders. We continue to ensure our products comply with relevant safety requirements and provide a safe working environment for both our employees, our customers and the wider general public. We vet our sub-contractors to ensure that they meet relevant health and safety requirements. Risk assessments are undertaken prior to travel by any employee in high risk countries.

Risk and Impact	Mitigation / Controls
10. Pandemic	
The medium term demand for goods and services may continue to be disrupted by regional lockdowns. These lockdowns may also effect our supply chain if they are rein-troduced quickly in key markets. Lockdowns may become a more widely used tool by governments in future pandemics or emerging novel viruses, and may cause short sharp shocks to demand and supply within our value chain.	Support of all our employees to ensure that we work to best available guidance to provide our employees with a safe working environment to help ensure work can continue where possible, in line with local laws and regulations. Initiation of business continuity plans updated to reflect lessons learned from initial lockdowns, including review of the supply chain, and reappraisal of safety stock levels to try and minimise disruption. Management teams continue to work with customers to understand their needs even when there are restrictions and constraints in place, and businesses practices are to be able to service our customers with the current forms of restrictions in place. Some of our businesses are providing key products, so we work with governments and local authorities to ensure that we can continue to manufacture with appropriate controls in place to help us to continue to meet demand for our goods and services, whilst protecting our employees and our key stakeholders.

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 comprises the Chairman and three other executive directors. There are also two non-executive directors. The Board has a duty to promote the long-term success of the Company for its shareholders. It is responsible for major policy decisions and for setting and promoting the Group's purpose, ensuring that its values, strategy and culture align with that purpose, 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.

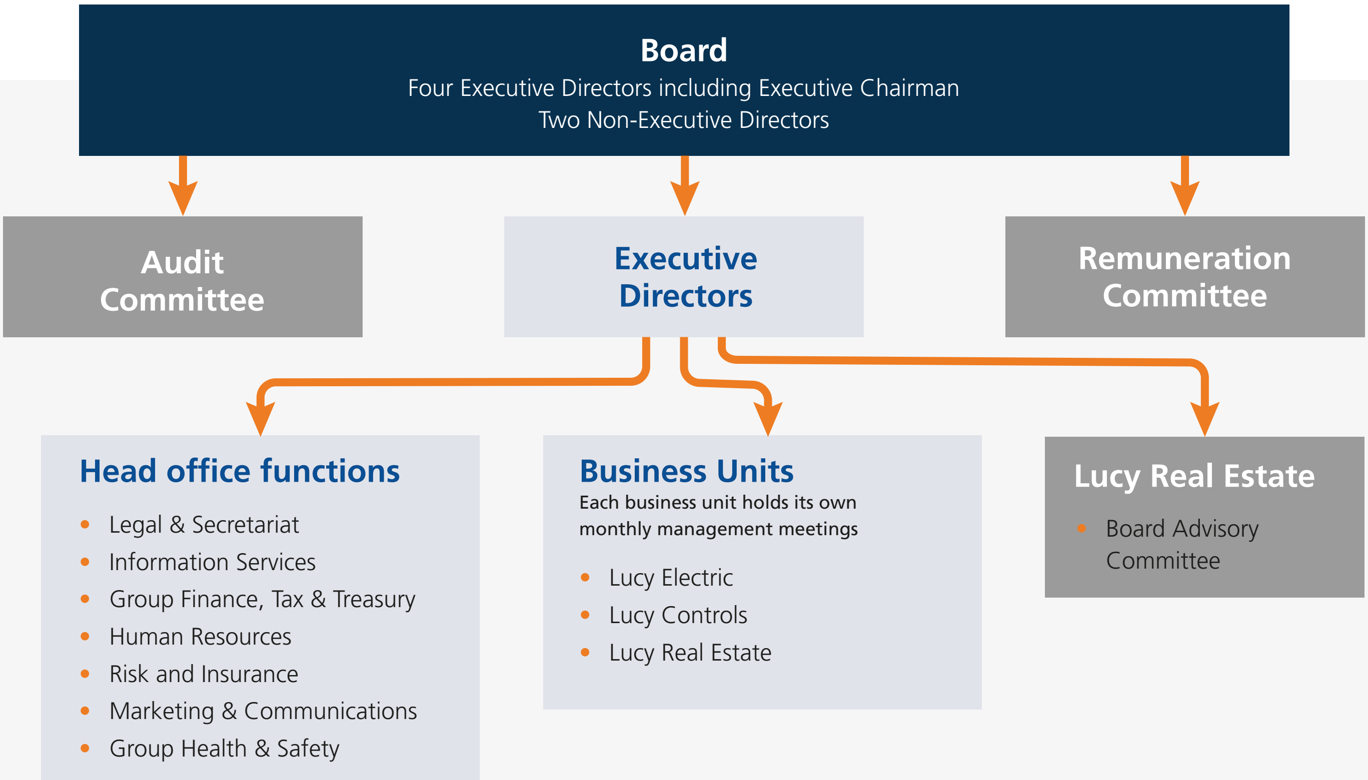
All Directors have access to the advice and services of the Company Secretary. The Company Secretary ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Board Committees

The Board has three committees: an Audit Committee, a Remuneration Committee and a Real Estate Committee each with clearly defined terms of reference which outline their objectives and responsibilities and which are reviewed periodically.

The Audit Committee comprises a Non-Executive Director, who chairs the Committee, and an external independent member, and meets on at least two occasions per year with the Group Finance Director and the Company Secretary. Senior management, the external auditors and the Head of Internal Audit are invited to attend for specific items on the Audit Committee's agenda. The Committee reviews the systems of internal control and receives reports from both the internal and external auditors on the effectiveness of those controls and recommendations for their improvement. The Committee has oversight of significant risk issues in the Group and makes recommendations to the 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. The Committee considers the development of the Group's key governance policies and procedures and manages the internal audit process with the support of the Head of Internal Audit.

Governance Framework



The Remuneration Committee comprises one Non-Executive Director and the Executive Chairman. The Committee's objective is to review and set a competitive level of remuneration for the Executive Directors aligned to the Group's long-term success.

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 maintenance and refurbishment of 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, the Head of Lucy Real Estate and two external advisors.

Information and Development

Directors are encouraged to update and refresh their skills, knowledge and familiarity with the Group by attending external seminars and through participation at meetings and 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 which minimises our impact on the environment. The Company Secretary ensures timely information flows within the Board and its Committees and between 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 Executive Director responsible for people issues provides an update on those issues across the Group for the Board's review
- The Executive Director responsible for Health & Safety provides an update and reports on Health & Safety matters
- Business unit heads and other senior managers attend relevant parts of Board meetings in order to make presentations on their area of responsibility and provide updates on developments and changes to the business
- Updates are provided on risk, crisis and reputation management and the key regulatory, contractual and legal issues that affect the Group
- The Directors continually monitor and review Group strategy, both medium and longer term

Between Board meetings, Directors meet with business unit management teams 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 Board meetings during the year:

Board Meeting dates 2020

JAN	MAY 2	SEP
FEB	JUN	OCT 1
MAR 2	JUL 1	NOV 1
APR 1	AUG	DEC 2

* During the year ten meetings were held in total with two meetings in March, May and December respectively.

Internal Control and Risk Management

The Board has overall responsibility for the Group's systems of risk management, compliance and internal control and for reviewing their effectiveness, as set out in the Reports on Risk Management and Statement of Principal Risks and Uncertainties. The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the Group's significant risks which it regularly reviews. There is also an agreed programme of internal audits undertaken by the Group's Head of Internal Audit who reports his findings and recommendations to the Audit Committee which then raises its concerns to the Board for discussion and action.

The Board considers that the Group's systems and controls, which have been developed and refined over the years, are appropriately designed to ensure that the Group's exposure to significant risks is properly managed. In reviewing the effectiveness of internal controls, the Directors have considered the key risks and exposures within the Group. The Group's Principal Risks and Uncertainties are disclosed on pages 23-26 which identify mitigating actions designed to control and minimise their impact.

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. There is ongoing review of the Group's systems and controls, which are periodically assessed against market best practice, and internal processes are monitored to ensure adherence to these controls.

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 are prepared each quarter and reviewed by the Board. In addition, there is open and frequent discussion and detailed information is provided to Non-Executive Directors for their review and challenge.

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. In the event that possible wrongdoing is raised by an employee, or is discovered by any other means, a full investigation is carried out and appropriate remedial steps taken to address any findings that are identified.

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 three years ago 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, its half-yearly announcement and at other times when it is appropriate to do so. 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.

Details of engagement with key stakeholders is disclosed in sections on Relations with Stakeholders, Corporate Responsibility and the Directors' Report.

Development of the Group's Corporate Governance Arrangements

The Board values the benefits that a strong governance framework brings to the Group, recognising that good governance, policies and processes underpin effective management of the Group, particularly during the Covid-19 pandemic.

During 2020 there has been review and development of key governance policies and procedures including contract risk management and enhanced Group anti-bribery and whistleblowing policies.

Whilst the Group is not required to conform with "The Wates Corporate Governance Principles for Large Private Companies" ("Wates Principles") the Board supports the six Wates Principles comprising purpose and leadership; Board composition; Director responsibilities; opportunity and risk; remuneration; and stakeholder relationships and engagement which can be used to measure the Group's 'governance maturity', enhance its governance arrangements and have assisted with preparation of this Corporate Governance Report.

By order of the Board

Madeline Laxton
Company Secretary

16 March 2021

Board of Directors

Richard Dick
Executive Chairman

Appointed as Executive Chairman in 1990, having been appointed as a Director in February 1981.

Gary Ashton
Group Finance Director

Appointed as a Director of the Company on 1 April 1997.

Madeline Laxton
Executive Director & Company Secretary

Appointed as Company Secretary on 1 January 2006 and as a Director on 23 September 2014.

Jonathan Finch-Dick
Executive Director

Appointed as a non-Executive Director on 1 June 2013, subsequently becoming an Executive Director on 1 May 2017.

Pippa Latham
Non-Executive Director

Appointed to the Board on 1 June 2013. She chairs the Remuneration Committee and Audit Committee.

Richard Dobbs
Non-Executive Director

Appointed to the Board on 1 July 2020, Mr Dobbs will be seeking election at the 2021 AGM.

Balance of Directors

Females 2
Males 4

Executive Directors 4
Non-Executive Directors 2

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 2020.

Directors

The present membership of the Board is set out on page 30. Mr R. I. Dick was a Director until 26 March 2020 when he passed away. Mr R. Dobbs was appointed to the Board with effect from 1 July 2020 and will be seeking election by shareholders at the 2021 Annual General Meeting.

Financial results

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

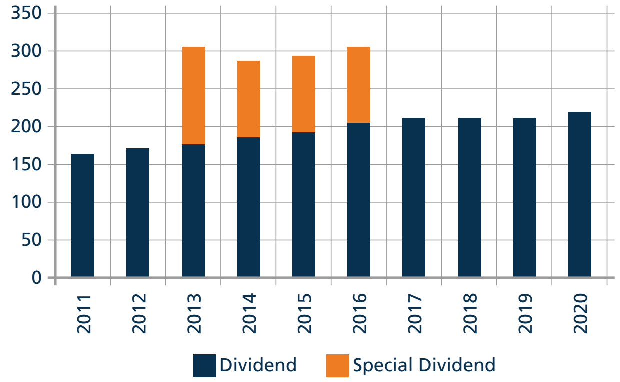
Dividends

The Board recommends a final dividend of 127p per share which, taken together with interim dividends of 88p and 121p respectively with the latter equivalent to the proposed final dividend for 2019 which was subsequently cancelled, gives a payment of 336p per share for 2020. This dividend will be payable on 5 May 2021, subject to shareholder approval at the Annual General Meeting to be held on 27 April 2021, to shareholders on the register on 31 March 2021. There was no special dividend paid to shareholders in the year.

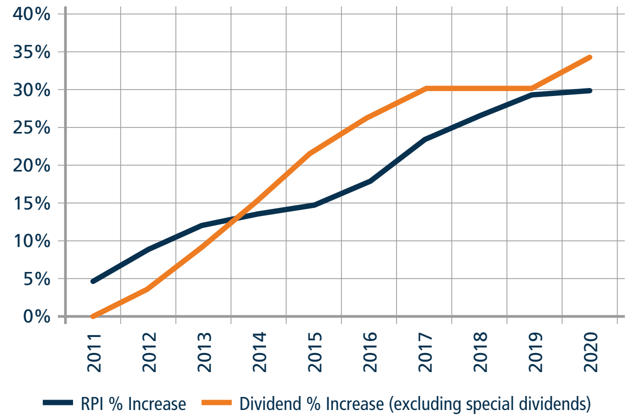
The following charts show dividend payments paid and proposed over the last 10 years (which for comparative purposes shows 'normalised' full year dividends of 209p for 2019, including the proposed final dividend for 2019 subsequently cancelled, and 215p for 2020, comprising the first interim dividend and proposed final dividend) and dividend performance (excluding special dividends) compared with the retail price index over the same time period.

The 2019 and 2020 dividend numbers have been normalised to remove the impact caused by the Covid-19 pandemic on the timing of dividend payments.

Dividends paid and proposed



Dividends paid and proposed RPI vs Dividend YoY Growth



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 statement of financial position at book value, and the Directors are of the opinion that the fair value of these properties is similar to their book value.

Future Developments and Events since the Balance Sheet date

No significant events have occurred since the year end.

Employee Policies and Engagement

The Group values the commitment of its employees and has maintained its practice of communicating with them regarding the development of the business.

The Directors seek to promote an inclusive workplace in which individuals feel they are respected, valued and have an equal opportunity to progress. As such, 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. Performance reviews are also conducted with individual employees. The Group remains supportive of the employment and advancement of disabled persons.

Details of employee engagement are disclosed in the sections on Corporate Responsibility and Relations with Stakeholders.

Business Relationships

Details of how the Directors have had regard to the need to foster business relationships with suppliers, customers and others are disclosed in the sections on Corporate Responsibility and Relations with Stakeholders.

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 Corporate Governance Report is on pages 27-29. 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.

Greenhouse gas emissions and Energy Consumption

Information on greenhouse gas emissions and energy consumption is set out in the Key Performance Indicators on page 7. For compliance purposes we are required to disclose the greenhouse gas emissions of Lucy Electric UK Ltd (LEUK), a UK subsidiary which is a large company. The emissions were 1,736 t CO_2e in 2020 and energy consumed was 1,747,205 kwh equating to 34kwh/£k sales. This includes Scope 1 (Direct), Scope 2 (Energy Indirect) and Scope 3 (Other Indirect) figures and includes Lucy Electric EMS employees based at the LEUK Thame facility. LEUK has a Gold certification in the Certified Emissions Measurement and Reduction Scheme (CEMARS) recording an 18% reduction in absolute emissions over the past eight years and measures continue to be taken to further reduce these.

Covid-19

Information on the extent to which the Group has received support from the UK Government for businesses impacted by Covid-19 is set out in the Financial Review section of the Strategic Report.

Financial Instruments

For information on the Group's use of financial instruments, including financial risk management, 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 £65.3k (2019: £44.4k). These comprised £37.0k for community projects (2019: £9.0k), £1.4k for educational projects (2019: £17.0k) and £26.9k for other projects (2019: £18.4k). No political contributions were made (2019: Nil)

Close Company Provisions

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

Directors' Liability Insurance

As permitted by the Company's articles of association, directors' and officers' liability insurance was maintained throughout the financial period.

Disclosure of Information to Auditors

In so far as the Directors are aware:

- there is no relevant audit information (information needed by the Company's Auditors in connection with preparing their report) of which the Company's 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 Auditors are aware of that information.

External Auditor

Wenn Townsend have expressed their willingness to continue in office as Auditor of the Company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment will be put to the members at the 2021 Annual General Meeting.

By order of the Board

Madeline Laxton
Company Secretary

16 March 2021

Relations with Stakeholders

The Board sets the Group's strategic direction and manages its operational performance in the way most likely to promote its long-term success for the benefit of its members as a whole. A key cornerstone of this is engagement with key stakeholders and considering their feedback appropriately. We set out below the key stakeholder groups that the Directors have engaged with in the financial year, together with the benefits of doing so for the long-term success of the company.

The Directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under S172.

- *Shareholders:* We strive to obtain shareholder buy-in to our strategic objectives and how we go about executing them. We create value for our shareholders by the generation of sustainable results that translate into dividends. We seek to promote an investor base that is interested in a long-term holding in the company.
- *Employees:* The company's long-term success is predicated on the commitment and delivery of our strategy by our workforce and its consistent demonstration of our values. To maintain competitive advantage and meet the growing demands of the environment in which we operate, we need a workforce which is adaptive and whose skill base constantly evolves. We also value employees with long term practical experiences. We engage with our workforce through one to ones, team meetings and employee surveys to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being. We invest in our workforce as we believe both that training benefits the individual and the Group and that such investment helps to retain our employees and reduce absenteeism and turnover rates.

  As part of our response to Covid-19 the senior management teams and Health and Safety and HR representatives have met regularly to consider what actions and communications have been needed to safeguard our employees' physical and mental well-being. Government guidance has been monitored, followed and any necessary steps implemented both in office and factory environments to minimise risks to employees.
- *Lenders:* Continued access to external funding is important to the long- term success of our business. Ongoing engagement with the Group's lenders is therefore required to ensure that there is adequate funding available for the Group's needs.
- *Customers:* In a highly competitive environment success depends on meeting customer needs and requirements more effectively than our competitors. We therefore recognise the benefits of engagement with our customers to ensure that both our current products and those in development are fit for purpose in the longer-term.
- *Suppliers:* Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves and comply with regulatory requirements.

  The Group relies on its supplier base to deliver products on time and to the specified quality and standard. It is important to mitigate against supply chain risk to prevent interruptions to manufacturing or product delivery schedules which could impact our relationships with customers.
- *Pension:* 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. We also recognise the long-term importance of all our pension arrangements for our employees. Ongoing engagement with trustees and professional advisors is therefore mutually beneficial for the Group and members of our pension schemes.
- *Communities and Environment:* Doing business responsibly brings benefits for wider society and assists our commercial success. Details of our community engagement is disclosed in the Corporate Responsibility section of the Strategic Report
- *Regulatory Bodies and Trade Associations:* We recognise that the Group operates in an environment which can be impacted by regulatory changes and engage with regulators and trade associations to assist with our compliance framework, training and product development. This assists with the development of the Group's strategic direction.

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. In taking actions and making principal decisions during the year the Board considers that it has acted in the way that, in good faith, is most likely to promote the success of the Group and for the benefit of its members as a whole. It has considered feedback and responses from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the company. Details of our engagement with respective stakeholders and the principal decisions made by the Board during the year are disclosed in the Strategic Report, including the section on Corporate Responsibility, Directors' Report and Corporate Governance report.

Directors' Responsibilities

The Directors are responsible for preparing the strategic report, Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Group and Parent Company and the profit or loss of the Group and Parent 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;

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

16 March 2021

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 2020 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 2020, and of the Group's profit 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 and Parent Company 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included assessing the Company and Group's post year end trading and performance by comparing actual results to budgeted and previous period figures. Explanations were received for significant changes including the impact on funding requirements. Discussions were held with the senior management team regarding legal and contractual issues including supply chain risk.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Groups or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 their 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 34, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Enquiry of component auditors to request identification of any instances of non-compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 BFP FCA
(Senior Statutory Auditor)

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

30 St. Giles
Oxford
OX1 3LE

16 March 2021

Consolidated Income Statement

for the year ended 31st December 2020

	Note	2020	2019
Continuing operations		£000	£000
Revenue	3	**203,989**	**189,637**
Cost of sales		(143,808)	(144,073)
Gross profit		**60,181**	**45,564**
Selling and distribution costs		(23,512)	(26,876)
Administrative expenses		(11,507)	(11,600)
Research and development costs		(5,058)	(7,205)
Other operating income/expenses		5,867	5,382
Operating profit before net valuation gains on investment property	4	**25,971**	**5,265**
Net valuation gains on investment property		3,161	4,087
Operating profit after net valuation gains on investment property		**29,132**	**9,352**
Finance income	6	149	814
Finance costs	6	(2,602)	(3,986)
Profit before taxation		**26,679**	**6,180**
Tax expense	7	(4,664)	(1,412)
Profit from continuing operations		**22,015**	**4,768**
Profit / (loss) from discontinued operations	10	583	(3,720)
Profit for the year		**22,598**	**1,048**
Dividends	9	(1,028)	(1,028)
Retained profit for the year		**21,570**	**20**
Profit / (loss) for the year attributable to:			
Non-controlling interest		(303)	(135)
Owners of the parent		21,873	155
		21,570	**20**
Earnings per share	8	**4,656p**	**241p**

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

	2020	2019
	£000	£000
Profit for the year	**22,598**	**1,048**
Other comprehensive income:		
Items that will not be reclassified subsequently to the Income Statement:		
Remeasurement of defined benefit pension scheme	(5,888)	(236)
Taxation relating to remeasurement of pension scheme	960	59
Fair value change in fixed assets transferred to investment properties	66	351
Items that will subsequently be reclassified to the Income Statement:		
Change in cash flow hedges	-	225
Fair value change in net investment hedge	-	495
Currency translation differences	(1,881)	(1,720)
Gain on revaluation of available for sale investments	126	209
Total comprehensive income for the year, net of tax	**15,981**	**431**
Total comprehensive income for the year attributable to:		
Non-controlling interest	(303)	(135)
Owners of the parent	16,284	566
	15,981	**431**
Total comprehensive income for the year attributable to owners of the parent arises from:		
Continuing operations	15,701	4,286
Discontinued operations	583	(3,720)
	16,284	**566**

Consolidated Statement of Financial Position

as at 31st December 2020

	Note	2020	2019
		£000	£000
Assets			
Non-current assets			
Goodwill	11	2,775	2,930
Other intangible assets	12	1,257	1,234
Property, plant and equipment	13	27,752	34,274
Investment property	14	153,991	150,619
Other long-term financial assets	16	1,950	1,845
Other receivables	19	702	277
Deferred tax assets	19	1,028	455
Non-current assets		**189,455**	**191,634**
Current assets			
Inventories	18	55,853	42,558
Trade and other receivables	19	55,642	45,574
Derivative financial instruments	20	22	60
Cash and cash equivalents		20,872	17,649
Current assets		**132,389**	**105,841**
Total assets		**321,844**	**297,475**
Liabilities			
Non-current liabilities			
Provisions	21	11,291	11,166
Pension and other employee obligations	25	9,633	6,343
Borrowings	26	17,659	28,799
Trade and other payables	23	4,931	4,132
Deferred tax liabilities	24	16,876	14,450
Other liabilities	23	2,597	4,472
Non-current liabilities		**62,987**	**69,362**

	Note	2020	2019
		£000	£000
Current liabilities			
Trade and other payables	22	50,255	37,367
Current tax liabilities	22	7,228	3,450
Derivative financial instruments	20	18	816
Current liabilities		**57,501**	**41,633**
Total liabilities		**120,488**	**110,995**
Net assets		**201,356**	**186,480**
Equity			
Share capital	28	492	492
Other reserves	29	(3,810)	(1,929)
Profit and loss account	29	204,934	187,862
Equity attributable to owners of the parent		**201,616**	**186,425**
Non-controlling interest		(260)	55
Total equity		**201,356**	**186,480**

Approved by the Board of Directors on 16 March 2021 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 2020

	2020	2019
	£000	£000
Cash flows from operating activities		
Operating profit before net valuation gains on investment property	26,548	1,825
Depreciation and amortisation	6,172	7,110
Other expense	(2,099)	(3,036)
Currency revaluation	(1,582)	(243)
Operating cash flow before changes in working capital, interest and taxes	**29,039**	**5,656**
(Increase)/decrease in inventories	(13,295)	4,433
(Increase) in trade and other receivables	(9,924)	(1,362)
Increase in trade and other payables	11,759	2,600
Increase in provisions	125	1,600
Change in derivative financial instruments	(760)	(227)
Cash generated from operating activities	**16,944**	**12,700**
Interest received	38	47
Interest paid	(623)	(882)
Tax paid	(1,275)	(831)
Net cash from operating activities	**15,084**	**11,034**
Investing activities		
Capital Expenditure	(1,657)	(4,534)
Proceeds from disposal of property, plant and equipment	1,542	145
Proceeds from disposal and redemption of non-derivative financial assets	170	194
Purchase of non-derivative financial assets	(201)	(191)
Net cash used in investing activities	**(146)**	**(4,386)**
Free cash flow	**14,938**	**6,648**
Financing activities		
Cash outflow from borrowings	(10,687)	(3,241)
Dividends paid	(1,028)	(1,028)
Net cash used in financing activities	(11,715)	(4,269)
Net change in cash and cash equivalents	**3,223**	**2,379**
Cash and cash equivalents, beginning of year	17,649	15,270
Cash and cash equivalents, end of year	**20,872**	**17,649**
Cash flows of discontinued operations	**(242)**	**263**

Consolidated Statement of Changes in Equity

for the year ended 31st December 2020

	Share capital	Capital reserve	Currency reserve	Net investment hedge reserve	Cash flow hedge reserve	Retained earnings	Attributable to owners of parent	Non controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1st January, 2020	**492**	**3**	**(1,932)**	**-**	**-**	**187,862**	**186,425**	**55**	**186,480**
Opening balance adjustment	-	-	-	-	-	(65)	(65)	(12)	(77)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**22,901**	**22,901**	**(303)**	**22,598**
Other comprehensive income									
Foreign currency translation	-	-	(1,881)	-	-	-	(1,881)	-	(1,881)
Gain on revaluation of available for sale investments	-	-	-	-	-	126	126	-	126
Fair value change in fixed assets	-	-	-	-	-	66	66	-	66
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	-	-	(4,928)	(4,928)	-	(4,928)
Total comprehensive income	**-**	**-**	**(1,881)**	**-**	**-**	**18,165**	**16,284**	**(303)**	**15,981**
Dividends	-	-	-	-	-	(1,028)	(1,028)	-	(1,028)
At 31st December, 2020	**492**	**3**	**(3,813)**	**-**	**-**	**204,934**	**201,616**	**(260)**	**201,356**
At 1st January, 2019	**492**	**3**	**(199)**	**(495)**	**(225)**	**187,877**	**187,453**	**(126)**	**187,327**
Opening balance adjustments	-	-	-	-	-	(237)	(237)	-	(237)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,183**	**1,183**	**(135)**	**1,048**
Other comprehensive income									
Foreign currency translation	-	-	(1,720)	-	-	-	(1,720)	-	(1,720)
Gain on revaluation of available for sale investments	-	-	-	-	-	209	209	-	209
Change in cash flow hedges	-	-	-	-	225	-	225	-	225
Fair value change in investments	-	-	-	495	-	-	495	-	495
Fair value change in fixed assets	-	-	-	-	-	351	351	-	351
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	-	-	(177)	(177)	-	(177)
Total comprehensive income	**-**	**-**	**(1,720)**	**495**	**225**	**1,566**	**566**	**(135)**	**431**
Dividends	-	-	-	-	-	(1,028)	(1,028)	-	(1,028)
Change in partial interest in subsidiary	-	-	-	-	-	(316)	(316)	316	-
Reclassification	-	-	(13)	-	-	-	(13)	-	(13)
At 31st December, 2019	**492**	**3**	**(1,932)**	**-**	**-**	**187,862**	**186,425**	**55**	**186,480**

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, available for sale assets 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 2020. 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 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:

- Contract costs incurred relating to contracts with an amortisation 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 the Income Statement 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.

Leases

The Group recognises a right of use asset and a lease liability at the lease commencement date. The asset is initially measured at cost and subsequently depreciated using the straight line method from the commencement date to the end of the useful life of the asset or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if this is not available the Group's incremental borrowing rate. Generally the incremental borrowing rate is used. The lease liability is subsequently measured at amortised cost using the effective interest method.

The Group has elected not to recognise right of use assets and liabilities for short term leases of assets that have a lease term of less than 12 months and leases where the underlying asset is of low value. Such leases are recognised as an expense on a straight line basis over the term of the lease.

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 and forward foreign exchange transactions.

Net Investment hedging

A 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.

The strategy was changed during 2019 to no longer hedge net investments in foreign currencies and at the year end there were no net investment hedges in place.

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 sells and purchases in foreign currencies. The Group's policy is to partially 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 recognises 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 solicitors 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.

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

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.

Development expenditure

Distinguishing the research and development phases of a new customised software 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

None of the amendments to IFRS's that were issued by the International Accounting Standards Board effective for accounting periods that begin 1 January 2020 have had an impact on the Group's reported results.

The various amendments to IFRS through the annual improvements cycle 2018-20 have been considered and do not have a material impact on the Group in the current period.

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

The various amendments to IFRS's that are effective 1st January 2021 are not considered to have a material impact on the future reporting of the Group.

2. Profit for the financial year

The Group profit for the year after taxation includes a profit of £14.1m (2019: loss £2.2m) which is dealt with in the financial statements of the Company.

3. Analysis of turnover and profit between activities and markets

The total turnover from continuing operations of the Group was £204.0m (2019: £189.6m) of which £7.0m (2019: £7.1m) 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.

	2020	2019
	£000	£000
Revenue from contracts with customers	203,989	192,854
Less: Revenue from discontinued operations	-	(3,217)
Revenue from continuing operations	**203,989**	**189,637**

a) Contract assets and liabilities

Contract assets and liabilities relate to the Group's rights of consideration for services provided on contracts. There were no contract assets at 31 December 2020.

	2020	2019
	£000	£000
Contract liabilities - customer advances	3,596	1,183
Contract liabilities - deferred income	545	883
Total contract liabilities	**4,141**	**2,066**

b) Revenue recognised in relation to contract liabilities

Revenue recognised in the current year that was included in previous years contract liability:

	2020	2019
	£000	£000
Contract liabilities - customer advances	753	997
Contract liabilities - deferred income	699	366
	1,452	**1,363**

4. Operating profit

	2020	2019
	£000	£000
a) Operating profit is stated after charging:		
Depreciation of tangible fixed assets	5,968	6,771
Amortisation of intangible fixed assets	359	480
Operating lease rentals		
Plant & machinery	31	9
Land & buildings	285	307
Research and development	5,058	7,205
Directors' remuneration (see note 32)	1,557	911
Auditors' remuneration (see note 4c)	158	170
Hire of plant	32	50
Loss on translation of foreign currency	2,492	1,608
b) Operating profit is stated after crediting:		
Rental income	7,940	7,909
Less related expenses	(3,520)	(3,626)
	4,420	**4,283**
c) Auditors' remuneration		
Audit of these financial statements	29	33
Amounts received by auditors and subsidiary auditors in respect of:		
Audit of financial statements of subsidiaries	123	131
Other services	6	6
	158	**170**
Fees in respect of and borne by the W Lucy Pension Scheme	6	4
Outsourced UK payroll services	37	27

5. Employee Remuneration

	2020	2019
	£000	£000
Continuing operations		
Wages and salaries	38,035	35,576
Social security costs	2,375	2,446
Pension costs	2,642	2,401
	43,052	**40,423**

The Group received £1.0m from the UK government's Covid-19 job retention scheme which is included in the figures above.

The average number of employees during the year was 1,425 (2019: 1,505) of which 152 were administrative (2019: 166).

6. Finance income and costs

	2020	2019
	£000	£000
Finance revenue		
Income from investments	25	33
Other interest receivable	38	38
Gain from acquisition	-	436
Ineffective portion of changes in fair value of cash flow hedges	-	217
Other income	86	90
	149	**814**
Finance cost		
Bank interest	623	580
Foreign currency losses	598	2,129
Ineffective portion of changes in fair value of cash flow hedges	60	-
Pension finance cost	128	202
Lease interest	471	340
Other expense	722	735
	2,602	**3,986**

7. Tax on profit on ordinary activities

	2020	2019
	£000	£000
Current year UK tax	2,197	769
Current year overseas tax	887	96
Group current tax	**3,084**	**865**
Over provision in previous years	(136)	(189)
Total current tax	**2,948**	**676**
Deferred tax		
Capital allowances	(7)	40
Other timing differences and allowances	(649)	70
Effect of increased tax rate on opening liability	1,646	-
Investment properties	669	626
Prior year adjustment	57	-
Total deferred taxation	**1,716**	**736**
Total tax on profit on ordinary activities	**4,664**	**1,412**

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:

Profit on ordinary activities (continuing and discontinued) before tax	**27,256**	**2,455**
Tax charge at average UK Corporation Tax rate of 19% (2019: 19%)	5,179	466
Current and deferred tax adjustments in respect of prior years	(70)	(27)
Net effect of differing UK tax rates	1,646	(62)
Net effect of differing overseas tax rates	(2,630)	(995)
Other non-allowable expenses	982	960
Utilisation of tax losses	(496)	(28)
Current year losses	645	1,064
Deferred tax credit on discontinued operations	6	5
Other	(598)	29
Group current tax charge from continuing operations	**4,664**	**1,412**
Credit re discontinued operations	(6)	(5)
Group current tax charge for the period	**4,658**	**1,407**

8. 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 £(303)k in 2020 (2019:£(135)k) to remove that attributable to the non-controlling interest.

	2020	2019
	£000	£000
Profit on ordinary activities after taxation attributable to Lucy Group Ltd shareholders	22,901	1,183
Weighted average number of shares (000s)	492	492
Earnings per share	4,656p	241p

9. Dividends

	2020	2019
	£000	£000
Amounts recognised as distributions to shareholders in the year:		
Final dividend for the year to 31st December 2019: nil (2018: 121p) per share	-	595
Interim dividends for the year to 31st December 2020: 209p (2019: 88p) per share	1,028	433
	1,028	**1,028**
Proposed final dividend for the year to 31st December 2020: 127p (2019: 121p) per share	625	595

10. Discontinued Operations

a) Description: The decision to close the Group's Castings' businesses was taken in 2019 and Truscanian Foundries Ltd closed on 29th November 2019 and Sandawana Castings Ltd on 20th December 2019. Work was undertaken on these closures during 2020 and financial information relating to these discontinued operations for the year is set out below.

b) Financial performance and cash flow information

	2020	2019
	£000	£000
Revenue	-	3,217
Expenses	577	(6,942)
Profit / (loss) before tax	**577**	**(3,725)**
Tax credit	6	5
Profit / (loss) after tax of discontinued operations	**583**	**(3,720)**
Net Cash flow from operating activities	(642)	(1,958)
Net Cash flow from investing activities	1,190	801
Net Cash flow from financing activities	(790)	1,420
Net change in cash from discontinued operations	**(242)**	**263**

11. Goodwill

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

	2020	2019
	£000	£000
Gross carrying amount		
Balance 1st January	2,930	3,071
Write-off	(155)	(141)
Balance 31st December	**2,775**	**2,930**

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 a cash generating unit 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 assumption used in the value in use calculations is 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 the recoverable amount of each asset.

	2020	2019
	£000	£000
The components of goodwill are:		
Lucy Zodion Ltd	2,261	2,261
Lucy Electric India (Private) Ltd	-	155
Lucy Electric Gridkey Ltd	162	162
Lucy Equipamentos Electricos Ltda	352	352
	2,775	**2,930**

12. Other intangible assets

	Licenses and software	Product Development	Total
	£000	£000	£000
Gross carrying amount			
At 1st January, 2019	4,646	969	5,615
Additions	154	-	154
Disposals	(148)	-	(148)
Translation differences	137	-	137
At 1st January, 2020	**4,789**	**969**	**5,758**
Additions	172	-	172
Right of use asset additions	239	-	239
Disposals	(92)	-	(92)
Translation differences	(44)	-	(44)
At 31st December, 2020	**5,064**	**969**	**6,033**
Amortisation			
At 1st January, 2019	3,983	-	3,983
Charge for year	383	97	480
Disposals	(134)	-	(134)
Translation differences	195	-	195
At 1st January, 2020	**4,427**	**97**	**4,524**
Charge for year	262	97	359
Disposals	(67)	-	(67)
Translation differences	(40)	-	(40)
At 31st December, 2020	**4,582**	**194**	**4,776**
Net book value			
At 31st December, 2020	**482**	**775**	**1,257**
At 31st December, 2019	**362**	**872**	**1,234**
At 31st December, 2018	**663**	**969**	**1,632**

13. Property, plant and equipment

	Land and buildings	Plant and equpment	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st January, 2019	27,425	35,613	17,142	2,301	82,481
Recategorisation of right of use assets	4,303	27	-	661	4,991
Right of use asset additions	422	329	-	152	903
Additions	465	2,233	737	333	3,768
Transfer to investment properties	(859)	-	-	-	(859)
Disposals	(5)	(253)	(356)	(343)	(957)
Translation differences	(401)	(920)	(96)	(33)	(1,450)
At 1st January, 2020	**31,350**	**37,029**	**17,427**	**3,071**	**88,877**
Right of use asset additions	39	25	-	383	447
Additions	93	792	315	190	1.390
Transfer to investment properties	(114)	-	-	-	(114)
Disposals	(1,207)	(2,532)	(1,024)	(322)	(5,085)
Translation differences	(1,388)	(1,166)	(235)	(234)	(3,023)
At 31st December, 2020	**28,773**	**34,148**	**16,483**	**3,088**	**82,492**
Depreciation					
At 1st January, 2019	9,562	25,061	12,882	1,800	49,305
Charge for year	1,519	2,820	1,479	572	6,390
Disposals	-	(208)	(346)	(258)	(812)
Impairment	-	345	30	6	381
Translation differences	(131)	(420)	(104)	(6)	(661)
At 1st January, 2020	**10,950**	**27,598**	**13,941**	**2,114**	**54,603**
Charge for year	1,456	2,598	1,415	499	5,968
Disposals	(78)	(2,457)	(998)	(294)	(3,827)
Translation differences	(1,176)	(569)	(229)	(30)	(2,004)
At 31st December, 2020	**11,152**	**27,170**	**14,129**	**2,289**	**54,740**
Net book value					
At 31st December, 2020	**17,621**	**6,978**	**2,354**	**799**	**27,752**
At 31st December, 2019	**20,400**	**9,431**	**3,486**	**957**	**34,274**
At 31st December, 2018	**17,863**	**10,552**	**4,260**	**501**	**33,176**

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:

	2020	2019
	£000	£000
Carrying amount 1st January	**150,619**	**144,710**
Additions	95	612
Transfer in from property, plant and equipment	180	1,210
Write-off of construction costs and professional fees	(64)	-
Revaluation	3,161	4,087
Carrying amount 31st December	**153,991**	**150,619**

Freehold land and buildings valued by HSBC at £53.5m in 2020 have been charged to secure borrowings of the company (see note 26).

15. Leases

a) The Group leases a number of fixed assets, and property, plant and equipment (note 13) includes £3.7m right of use assets that are leased. Details are shown below:

	Property	Vehicles	Machinery & Equipment	Total
	£000	£000	£000	£000
Right of use assets				
Balance at 1st January	3,702	587	339	4,628
Additions	39	383	25	447
Depreciation charge for the year	(1,027)	(239)	(120)	(1,386)
Balance at 31st December	**2,714**	**731**	**244**	**3,689**

b) Lease liabilities

	31st December 2020	31st December 2019
	£000	£000
Maturity analysis - undiscounted cashflows		
Less than one year	1,785	1,713
One to five years	2,213	2,813
More than five years	-	-
	3,998	**4,526**
Lease liabilities - discounted value of lease payments		
Current	1,139	955
Non-current	2,597	3,689
	3,736	**4,644**

c) Amounts recongised in the Income Statement

Interest on leased right of use assets	471	340
	471	**340**

16. Other long-term financial assets

	31st December 2020	31st December 2019
	£000	£000
Equities, other quoted investments and bonds	1,950	1,845
	1,950	**1,845**

Quoted investments are measured at fair value through Other Comprehensive Income.

17. Principal group undertakings

Company	Country of incorporation	Principal activity	Proportion of ownership interests held by the Group at year end % 2020	2019
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
Lucy Developments Limited	England	Property development	100	100
Lucy Block Management Limited	England	Property management	100	100
Lucy Electric Gridkey Limited	England	Supply of switchgear monitoring systems and services	100	100
Lawson Fuses Limited	England	Manufacture and sale of fuses	100	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 of switchgear and lighting products	100	100
Lawson Fuses India Limited	India	Manufacture and sale of fuses	75	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	75
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 2020	31st December 2019
	£000	£000
Raw materials and components	28,706	18,605
Work in progress	400	332
Finished goods	11,646	10,599
Development land and buildings:		
Land	1,046	4,653
Developments in progress	10,802	6,651
Finished properties for sale	3,253	1,718
	55,853	**42,558**

19. Trade and other receivables

	31st December 2020	31st December 2019
	£000	£000
Current receivables		
Trade receivables	43,551	34,373
Rent receivables	111	173
Advances to suppliers	617	39
Corporation Tax receivable	850	530
Prepayments and accrued income	7,592	6,685
Other receivables	2,921	3,774
Total current receivables	**55,642**	**45,574**
Non-current receivables		
Deferred tax asset	1,028	455
Other receivables	702	277
Total non-current receivables	**1,730**	**732**
Total receivables	**57,372**	**46,306**

20. Derivative financial instruments

	31st December 2020		31st December 2019	
	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Designated hedge relationships:				
Foreign exchange contracts	-	18	-	816
Commodity contracts	22	-	60	-
	22	**18**	**60**	**816**

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:

	Closure	Restructuring costs	Integration & systems implementation costs	Warranty provision	Other	Total
	£000	£000	£000	£000	£000	£000
Carrying amount 1st January, 2020	**1,010**	**4,481**	**688**	**3,445**	**1,542**	**11,166**
Provided in year	-	-	325	1,418	915	2,658
Released in year	(583)	(72)	(323)	(149)	(177)	(1,304)
Charge in year	(411)	(60)	(215)	(543)	-	(1,229)
Carrying amount 31st December, 2020	**16**	**4,349**	**475**	**4,171**	**2,280**	**11,291**

22. Trade & other payables - current

	31st December 2020	31st December 2019
	£000	£000
Trade payables	30,322	22,879
Accruals and deferred income	16,085	11,002
Right of use assets within one year	1,139	955
Other payables	2,709	2,531
	50,255	**37,367**
Corporation Tax payable	2,426	1,095
Social security and other taxes	4,802	2,355
	7,228	**3,450**

23. Trade & other payables - non-current

	31st December 2020	31st December 2019
	£000	£000
Other payables	4,931	4,132
Right of use assets more than one year	2,597	3,689
Deferred consideration on acquisition	-	783
	7,528	**8,604**

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

24. Deferred tax liability

	31st December 2020	31st December 2019
	£000	£000
Investment Properties	16,667	14,210
Capital allowances	(111)	(112)
Other timing differences and allowances	320	352
	16,876	**14,450**

Legislation was enacted during the year to change the long term corporation tax rate from 17% to 19%, increasing the Group's deferred tax liability by £1.6m.

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 benefits arrangements ("UURBs") for certain employees. The details below relate to the cost and liabilities of the W Lucy Scheme and the UURBs in aggregate, and to the assets of the W Lucy Pension Scheme. The value of the liabilities as at 31 December 2020 in respect of the UURBs was approximately £563k, compared to £1,883k as at 31 December 2019.

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 2020, however given the extreme market conditions created by Covid-19 a post valuation was undertaken as at 31st August 2020. The next valuation of the Scheme is due as at 6 April 2023. 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 Company expects to pay contributions of £1,289k in the year to 31 December 2021 based on the current Schedule of Contributions dated 29 September 2020.

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.

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 and 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 of 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.

The effect of the judgment regarding equalisation of guaranteed minimum pensions for past transfers has been accounted for as a past service cost during the period. There were no other plan amendments, curtailments or settlements during the period.

Profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 17 years.

Disclosures

Figures for disclosure in the accounts for the period ending 31 December 2020 under IAS19. Results are shown in pounds, rounded to the nearest £1k.

	31st December 2020	31st December 2019
Principal actuarial assumptions		
Discount rate	1.35% p.a.	2.00% p.a.
Inflation (RPI)	2.85% p.a.	2.90% p.a.
Inflation (CPI)	2.35% p.a.	2.10% p.a.
Salary increases	2.85% p.a.	2.90% p.a.
Pension increase (RPI max 5% pa)	2.75% p.a.	2.80% p.a.
Pension increase (RPI max 2.5% pa)	2.10% p.a.	2.10% p.a.
Pension increase (CPI max 3% pa)	2.00% p.a.	1.80% p.a.
Post-retirement mortality	117% of the S3PA tables with CMI 2019 projections using a long-term improvement rate of 1.25% p.a. and an initial addition parameter of 0.25% p.a.	112% of the S2PA tables with CMI 2018 projections using a long-term improvement rate of 1.25% p.a. and zero initial addition parameter
Commutation	Members are assumed to take 25% of their pension as tax free cash	Members are assumed to take 20% of their pension as tax free cash
Life expectancy at age 65 of male aged 45	22.3	22.0
Life expectancy at age 65 of male aged 65	21.0	20.6
Life expectancy at age 65 of female aged 45	24.8	24.1
Life expectancy at age 65 of female aged 65	23.3	22.6

The current asset split is as follows:

	Bid values at 31st December 2020
	£000
Equities	40,321
Corporate Bonds	13,512
Gilts	2,874
Target Return	6,589
Cash	572
Total assets	**63,868**

Balance sheet

	At 31st Dec 2020	At 31st Dec 2019
	£000	£000
Fair value of assets	63,868	62,157
Present value of obligations	(75,760)	(69,799)
Deficit	**(11,892)**	**(7,642)**
Deferred tax	2,259	1,299
Net defined benefit liability	**(9,633)**	**(6,343)**

Amount recognised in the Income Statement

	Period to 31st Dec 2020	Period to 31st Dec 2019
	£000	£000
Current service cost	702	600
Administration costs	227	135
Interest on liabilities	1,362	1,786
Interest on assets	(1,234)	(1,584)
Past service costs	40	-
Settlement and curtailment cost	-	-
Total charge to Profit and Loss	**1,097**	**937**

Remeasurements over the year

	Period to 31st Dec 2020	Period to 31st Dec 2019
	£000	£000
Gain on assets in excess of interest	(1,354)	(6,653)
Experience (gains)/losses on liabilities	(536)	76
Losses/(gains) from changes to demographic assumptions	358	(1,621)
Losses from changes to financial assumptions	7,420	8,434
Total remeasurements	**5,888**	**236**

Change in value of assets

	Period to 31st Dec 2020	Period to 31st Dec 2019
	£000	£000
Fair value of assets at start	**62,157**	**55,300**
Interest on assets	1,234	1,584
Company contributions	2,735	824
Contributions by Scheme participants	102	102
Benefits paid	(3,487)	(2,171)
Administration costs	(227)	(135)
Change due to settlements and curtailments	-	-
Return on assets less interest	1,354	6,653
Fair value of assets at end	**63,868**	**62,157**
Actual return on assets	**2,588**	

Change in value of defined benefit liabilities

	Period to 31st Dec 2020	Period to 31st Dec 2019
	£000	£000
Defined benefit obligation at start	**69,799**	**62,593**
Current Service Cost	702	600
Contributions by Scheme Participants	102	102
Past service costs	40	-
Interest cost	1,362	1,786
Benefits paid	(3,487)	(2,171)
Change due to settlements and curtailments	-	-
Experience (gain)/loss on liabilities	(536)	76
Changes to demographic assumptions	358	(1,621)
Changes to financial assumptions	7,420	8,434
Defined benefit obligation at end	**75,760**	**69,799**

Reconciliation of net defined benefit liability

	Period to 31st Dec 2020	Period to 31st Dec 2019
	£000	£000
Net defined benefit liability at start	**7,642**	**7,293**
Current service cost	702	600
Past service cost & settlement and curtailment cost	40	-
Net interest expense	128	202
Remeasurements	5,888	236
Administration costs	227	135
Employer contributions	(2,735)	(824)
Net defined benefit liability at end	**11,892**	**7,642**

Sensitivity of the value placed on the liabilities

		Approximate effect on liability
		£000
Discount rate	Discount rate -0.10%	1,237
Inflation	Inflation +0.10%	840
Salary increases	Salary increases +0.10%	174
Mortality	Increase long-term mortality improvement rate to 1.50% p.a.	728
	Increase mortality Initial Addition Parameter to 0.5% p.a.	625
Commutation	Members are assumed to take 20% of their pension as tax free cash	666

Projected Income Statement for next year

	Period to 31 Dec 2021
	£000
Current service cost	823
Administration costs	227
Interest on liabilities	1,008
Interest on assets	(855)
Past service costs	-
Settlement and curtailment cost	-
Total Income Statement charge	**1,203**

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

i Benefits paid, administration costs and active member payroll are broadly unchanged from the current year's figures excluding the £1,248k benefit paid in respect of the crystallisation of one member's benefits in the unfunded unapproved retirement benefits arrangement.

ii Company contributions to the Scheme are paid in line with the Schedule of Contributions dated 29 September 2020.

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

26. Borrowings

The Group's committed loan facilities at the year end were £43.0m, and these were utilised as follows:

	Repayable	2020
		£000
Facilities		
Revolving facilities		
Secured £23m revolving multi-currency loan at 1.40% above LIBOR	31st March 2024	5,043
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	15th February 2023	12,146
Other		
Exchange loss on foreign currency borrowings		470
Total Borrowings		**17,659**
Security		
The two revolving loan facilities are secured against specific freehold properties valued at £53.5m in 2020.		
Loan drawdown and interest		
The amount of loan drawdown at 31st December 2020 was £17.7m, split as follows:		
US Dollar $10.3m loans at variable rates of interest		7,554
Thai Baht THB 295m loans at variable rates of interest		7,216
South African Rand 57.7m loans at variable rates of interest		2,889
		17,659

Maturity of borrowings

	2020	2019
	£000	£000
In more than one but no more than two years	-	14,476
In more than two but no more than five years	17,659	14,323
More than five years	-	-
	17,659	**28,799**

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 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 and foreign currency risks. The Group's treasury policy allows the use of certain 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 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 were used at the beginning of last year, using foreign currency loans, forward currency contracts and options were used to translate exposure to currency movements in overseas net assets This mitigates the currency risk arising from the subsidiary's net assets. The policy changed last year and the business no longer has any net investment hedges in place.

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 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 and policy sets out the range of instruments that can be used.

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

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 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. There are no investment hedges at the end of the year.

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 contract and commodity swaps are determined by market values available from the markets on which the forward contracts 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:

			2020			2019
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets at fair value through OCI						
Listed equity investments	1,950	-	1,950	1,845	-	1,845
Total financial assets at fair value through OCI (a)	**1,950**	**-**	**1,950**	**1,845**	**-**	**1,845**
Trade receivables	-	43,662	43,662	-	34,546	34,546
Total financial assets at amortised cost (b)	**-**	**43,662**	**43,662**	**-**	**34,546**	**34,546**
Derivative financial instruments	-	18	18	-	816	816
Cash and cash equivalents (c)	**-**	**20,872**	**20,872**	**-**	**17,649**	**17,649**
Financial Liabilities						
Derivative financial instruments **(d)**	-	(4)	(4)	-	756	756
Interest bearing loans and borrowings	17,659	-	17,659	28,799	-	28,799
Trade and other payables	-	30,322	30,322	-	22,879	22,879
Total	**17,659**	**30,318**	**47,977**	**28,799**	**23,635**	**52,434**

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

			2020			2019
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets						
Dividends from equity investments held at FVOCI	25	-	25	33	-	33
Hedging gains - hedge ineffectiveness	-	-	-	-	-	-
Total	**25**	**-**	**25**	**33**	**-**	**33**
Financial liabilities						
Finance cost of interest bearing loans and borrowings	-	623	623	-	580	580
Hedging losses - hedge ineffectiveness	-	60	60	-	(217)	(217)
Total	**-**	**683**	**683**	**-**	**363**	**363**

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 irrevocable election at initial recognition to recognise changes in fair value through Other Comprehensive Income rather than the Consolidated Income Statement.

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 Group's investment managers and solicitors.

d) Derivative financial instruments

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

28. Equity - share capital

	2020	2019
	£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's 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 2020 is £112.2m.

Currency translation reserve

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

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 2020 the Group had authorised the following future capital expenditure:

	2020	2019
	£000	£000
Contracted	476	62
Not contracted	-	57

31. Contingent liabilities

The Group has given its bankers guarantees amounting to the equivalent of £6.9m (2019: £8.1m) 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:

	2020	2019
	£000	£000
Short-term employee benefits	1,516	888
Post employment benefits	41	23
Total key management remuneration	**1,557**	**911**
Emoluments of highest paid Director	434	252
	434	**252**

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 operated unfunded unapproved retirement benefit arrangements for these Directors and one of the Directors crystallised their benefits during the year. The Group made contributions of £40,875 (2019: £22,500) to defined contribution schemes in respect of two other Directors and operates unfunded unapproved retirement benefits for one of these.

As at 31 December 2020, pension totalling £108,712 pa (2019: £106,609 pa) is currently in payment from the W Lucy Pension Scheme to the highest paid Director. During the year, the member's pension payable directly by the Company under the unfunded unapproved retirement benefit arrangement (2019: £92,901 pa) was crystalised and paid to the member as a one-off lump sum of £1,248,000 in December 2020.

During the year land was purchased from the family of Pippa Latham, a non-executive Director, at a market value of £705k. This is being developed by Lucy Developments Ltd and an agreement is in place whereby any overage above an operating profit of 15% of sales is split equally between the company and vendor.

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 administrative 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 gain	31st Dec
	£000	£000	£000	£000
Cash at bank and in hand	**17,557**	**3,152**	**-**	**20,709**
Liquid resources	92	71	-	163
Loan capital over one year	(28,799)	10,687	453	(17,659)
Net (debt) / cash	**(11,150)**	**13,910**	**453**	**3,213**

Company Statement of Financial Position

as at 31st December 2020

	Note	31st Dec 2020	31st Dec 2019
		£000	£000
Assets			
Non-current assets			
Intangible assets	2	555	106
Property, plant and equipment	3	2,184	3,006
Investments			
Investment property	4	158,114	154,742
Other investments	5	70,980	67,907
Non-current assets		**231,833**	**225,761**
Current assets			
Trade and other receivables	6	119	181
Derivative financial instruments	12	22	60
Group debtors	6	1,815	2,270
Prepayments and other debtors	6	1,594	1,334
Current assets		**3,550**	**3,845**
Total assets		**235,383**	**229,606**
Liabilities			
Non-current liabilities			
Provisions	9	6,208	6,052
Pension and other employee obligations	16	9,633	6,343
Borrowings	11	17,659	28,799
Trade and other payables	8	235	980
Deferred tax liabilities	10	16,519	14,111
Non-current liabilities		**50,254**	**56,285**
Current liabilities			
Trade and other payables	7	9,248	11,773
Current tax liabilities	7	946	447
Derivative financial instruments	12	18	816
Other liabilities	7	8,483	2,131
Current liabilities		**18,695**	**15,167**
Total liabilities		**68,949**	**71,452**
Net assets		**166,434**	**158,154**

	Note	31st Dec 2020	31st Dec 2019
		£000	£000
Equity			
Share capital	15	492	492
Other reserves		(6,852)	(6,852)
Profit and loss account		172,794	164,514
Total equity		**166,434**	**158,154**

Approved by the Board of Directors on 16 March 2021 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, 2020

	Share capital	Capital reserve	Currency reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1st January, 2020	**492**	**31**	**(6,883)**	**-**	**164,514**	**158,154**
Profit for the year	-	-	-	-	14,108	14,108
Other comprehensive income						
Fair value change in investments	-	-	-	-	128	128
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	-	(4,928)	(4,928)
Total comprehensive income	**-**	**-**	**-**	**-**	**9,308**	**9,308**
Dividends	-	-	-	-	(1,028)	(1,028)
At 31st December, 2020	**492**	**31**	**(6,883)**	**-**	**172,794**	**166,434**
At 1st January, 2019	**492**	**31**	**(6,419)**	**(225)**	**167,756**	**161,635**
Loss for the year	-	-	-	-	(2,246)	(2,246)
Other comprehensive income						
Foreign currency translation	-	-	(464)	-	-	(464)
Change in cash flow hedges	-	-	-	225	-	225
Fair value change in investments	-	-	-	-	209	209
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	-	(177)	(177)
Total comprehensive income	**-**	**-**	**(464)**	**225**	**(2,214)**	**(2,453)**
Dividends	-	-	-	-	(1,028)	(1,028)
At 31st December, 2019	**492**	**31**	**(6,883)**	**-**	**164,514**	**158,154**

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 £14.1m (2019: loss £2.2m). 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 90 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.

Disclosure exemptions adopted

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

- IAS 24: Related Party Disclosures to disclose related party transactions entered into
- IAS1: Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- IAS 24: Disclosure of key management personnel compensation
- IAS 1: Capital management disclosures
- IAS 8: Disclosures in respect of standards in issue not yet effective
- IAS 7: Exemption from preparing a cash flow statement
- 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.

Investments

Investments in subsidiaries including long term loans are held at cost less any provision for impairment. Impairment provisions are based upon an assessment of the net recoverable amount of each investment. 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.

Leases

The company recognises a right of use asset and a lease liability at the lease commencement date. The asset is initially measured at cost and subsequently depreciated using the straight line method from the commencement date to the end of the useful life of the asset or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if this is not available the companies incremental borrowing rate. Generally the incremental borrowing rate is used. The lease liability is subsequently measured at amortised cost using the effective interest method.

The company has elected not to recognise right of use assets and liabilities for short term leases of assets that have a lease term of less than 12 months and leases where the underlying asset is of low value. Such leases are recognised as an expense on a straight line basis over the term of the lease.

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, 2020	900
Opening balance adjustment	329
Restated opening balance	**1,229**
Additions	352
At 31st December, 2020	**1,581**
Amortisation	
At 1st January, 2020	794
Opening balance adjustment	9
Restated opening balance	**803**
Charge for year	223
At 31st December, 2020	**1,026**
Net book value	
At 31st December, 2020	**555**
At 31st December, 2019	**106**

The opening balance in cost has been corrected between tangible and intangible assets by £329k and amortisation/depreciation by £9k.

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, 2020	1,648	6,641	320	8,609
Opening balance adjustment	-	(329)	-	(329)
Restated opening balance	**1,648**	**6,312**	**320**	**8,280**
Additions	-	147	74	221
Disposals	(200)	(372)	(100)	(672)
At 31st December, 2020	**1,448**	**6,087**	**294**	**7,829**
Depreciation				
At 1st January, 2020	379	5,000	224	5,603
Opening balance adjustment	-	(9)	-	(9)
Restated opening balance	**379**	**4,991**	**224**	**5,594**
Charge for year	29	392	61	482
Disposals	-	(348)	(83)	(431)
At 31st December, 2020	**408**	**5,035**	**202**	**5,645**
Net book value				
At 31st December, 2020	**1,040**	**1,052**	**92**	**2,184**
At 31st December, 2019	**1,269**	**1,641**	**96**	**3,006**

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:

	2020	2019
	£000	£000
Carrying amount 1st January	**154,742**	**148,833**
Additions	95	612
Transfer in	180	1,210
Write-off of construction costs and professional fees	(64)	-
Revaluation	3,161	4,087
Carrying amount 31st December	**158,114**	**154,742**

Freehold land and buildings which had a value of £53.5m in 2020 have been pledged to secure borrowings of the company (see note 11).

5. Other investments

	2020	2019
	£000	£000
Equity securities: listed	1,950	1,845
Group undertakings	32,792	32,976
Loans to Group undertakings	36,238	33,086
	70,980	**67,907**

Investments in subsidiaries have been written down to the company net asset value at the year end. Total impairments to investments in subsidiaries were £2.1m (2019: £9.1m), total write backs were £1.5m (2019: £0.1m), additions were £0.5m (2019: £1.2m) and disposals were nil (2019: nil) in the year.

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

Group undertakings

	2020	2019
	£000	£000
Lucy Electric UK Limited	11,537	11,537
Lucy Electric (EMS) Limited	6,095	5,775
Lucy Electric Manufacturing and Technologies India (Private) Limited	4,077	4,077
Lucy Electric (Thailand) Limited	4,063	3,022
Lucy Asia Pacific SDN BHD	1,774	1,662
Lawson Fuses Ltd	1,603	1,976
Lucy Zodion Limited	1,250	1,250
Lucy Electric India (Private) Limited	1,153	2,343
Lucy Switchgear FZE	534	534
Lucy Equipamentos Electricos Ltda	265	338
Lucy Electric GridKey Limited	200	200
Lucy Middle East FZE	174	174
Lucy Block Management Limited	49	53
Lucy Electric Beijing Company Limited	17	14
Lucy Developments Limited	1	1
Lucy Electric South Africa (Pty) Limited	-	20
Truscanian Foundries Limited	-	-
Sandawana Castings Limited	-	-
Power Connectors Limited	-	-
Truscanian Limited	-	-
	32,792	**32,976**

Sanadawana Castings Ltd (company registration number 01753431), Truscanian Foundries Ltd (company registration number 01623433) and Power Connectors Limited (company registration number 00516684) are exempt from having their financial statements audited under section 479A of the Companies Act. As at 31 December 2020 the statement of financial position for Power Connectors Ltd, a dormant company, comprised £50 reserves only.

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 2020	31st Dec 2019
	£000	£000
Trade receivables	8	8
Amounts owed by Group undertakings	1,815	2,270
Rent debtors	111	173
Other assets and deferred charges	702	702
Prepayments and accrued income	564	544
Other receivables	328	88
	3,528	**3,785**

7. Trade & other payables - current

	31st Dec 2020	31st Dec 2019
	£000	£000
Bank overdrafts	5,687	136
Trade payables	199	217
Amounts owed to Group undertakings	8,849	11,450
Corporation Tax payable	169	283
Social security and other taxes	777	164
Accruals and deferred income	1,738	989
Right of use assets within one year	200	106
Other payables	1,058	1,006
	18,677	**14,351**

8. Trade & other payables - non-current

	31st Dec 2020	31st Dec 2019
	£000	£000
Right of use assets more than one year	235	197
Deferred consideration on acquisition	-	783
	235	**980**

9. Provisions

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

	Closure	Restructuring Costs	Integration Costs	Warranty Provision	Other	Total
	£000	£000	£000	£000	£000	£000
Carrying amount 1st January, 2020	402	4,302	100	10	1,238	6,052
Provided in year	-	-	125	-	726	851
Released in year	(269)	(72)	-	-	(177)	(518)
Charge in year	(117)	(60)	-	-	-	(177)
Carrying amount 31st December, 2020	**16**	**4,170**	**225**	**10**	**1,787**	**6,208**

10. Deferred tax

	31st Dec 2020	31st Dec 2019
	£000	£000
Investment Properties	16,519	14,111
	16,519	**14,111**

11. Borrowings

The Group's committed loan facilities at the year end were £43.0m, and these were utilised as follows:

	Repayable	2020
		£000
Facilities		
Revolving facilities		
Secured £23m revolving multi-currency loan at 1.40% above LIBOR	31st March 2024	5,043
Secured £20m revolving multi-currency loan at 1.40% above LIBOR	15th February 2023	12,146
Other		
Exchange loss on foreign currency borrowings		470
Total Borrowings		**17,659**

Security

The two revolving loan facilities are secured against specific freehold properties valued at £53.5m in 2020.

Loan drawdown and interest	
The amount of loan drawdown at 31st December 2020 was £17.7m, split as follows:	
US Dollar $10.3m loans at variable rates of interest	7,554
Thai Baht THB 295m loans at variable rates of interest	7,216
South African Rand 57.7m loans at variable rates of interest	2,889
	17,659

Maturity of borrowings

	2020	2019
	£000	£000
In more than one but no more than two years	-	14,476
In more than two but no more than five years	17,659	14,323
More than five years	-	-
	17,659	**28,799**

12. Derivative financial instruments

	31st December 2020		31st December 2019	
	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Designated hedge relationships:				
Foreign exchange contracts	-	18	-	816
Commodity contracts	22	-	60	-
	22	**18**	**60**	**816**

13. Dividends

Information on dividends paid and declared is given in Note 9 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

	2020	2019
	£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

Advisors

Auditors	Wenn Townsend Chartered Accountants and Statutory Auditors 30 St. Giles Oxford OX1 3LE	**Pension consultants**	Barnett Waddingham LLP Decimal Place Chiltern Avenue Amersham HP6 5FG
Bankers	HSBC Bank plc 65 Cornmarket Street Oxford OX1 3HY	**Investment advisors**	Cazenove Fund Management Ltd King Charles House Park End Street Oxford OX1 1JD

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 May

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 27th April 2021, 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, 2020.
2) To declare a final dividend.
3) To elect Mr. R. Dobbs as a Director.
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

16 March 2021

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 this time, 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.
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FSC approved materials

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