



Lucy Electric UK Limited

Directors' Report and Financial Statements

for the year ended

31st December 2020

Registration Number : 01179461

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Lucy Electric UK Limited
Company Information

Directors	C. R. Dick G. D. Ashton J. C. Finch-Dick J. A. Griffiths
Secretary	M. Laxton
Company Number	01179461
Registered office	Eagle Works Walton Well Road Oxford OX2 6EE
Auditors	Wenn Townsend Chartered Accountants and Statutory Auditors 30 St Giles Oxford OX1 3LE
Bankers	HSBC Plc 65 Cornmarket Street Oxford OX1 3HY

Lucy Electric UK Limited

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Lucy Electric UK Limited

Strategic Report

Strategy

The vision of the company is to be a leader in medium voltage switchgear and low voltage fused protection products in its addressed markets.

Business development and performance for the year

Market conditions in the UK and abroad remained challenging during the year, however the Company produced a profit before tax of £6.8 million (2019: £5.7 million). This resulted in a retained profit for the year of £1.6 million (2019: £1.3 million). The shareholders' funds grew to £15.3 million (2019: £13.7 million).

Plans for future periods

The Company intends to further develop and market its medium voltage switchgear and low voltage fused protection products and services for its customers as they look to improve their energy and operating efficiency.

Key performance Indicators

Introduction

During the year Lucy Electric UK Limited 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

Sales

Sales increased in the year by 4% (2019: 10%). This measure aligns with the company's growth strategy.

Profit before Tax

Profit before tax increased in the year by 19% (2019: 81%). This measure is key to the company's long term financial health and results from consistent gross margins and controlling overhead costs.

Non Financial KPIs

Environmental

tCO₂e Emissions reduced to 1243.2 per tonne (2019: 1653.4 per tonne). We are committed to reducing our impact on the environment.

Lucy Electric purchases sulfur 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.

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 safe- guards our employees and those who may be affected by our activities and supports the Group in achieving its business objectives.

Lucy Electric UK Limited

Strategic Report

Principal risks and uncertainties

Key business risks are identified as follows:

Macro economic environment

Slowdown in economic growth in key markets presents uncertainties for the business. However, underlying long term growth potential in international markets continues to be positive.

Strategy implementation

There is a risk that the strategy does not deliver sustainable business growth and profits. Factors that could influence the successful delivery of strategic objectives and timelines include macro economic uncertainties in key markets. There are always inherent risks in the introduction of new products and the entry into new markets.

People

The expertise, commitment and support of the Company employees is central to continued business success. Ensuring the Company maintains the right mix of skills, knowledge and experience to support a high performing organisational culture are key on-going challenges for the business. The Company continually seeks to supplement existing capabilities by both attracting new talent and by developing employee skills.

IT and communication

The Company is dependent upon its integrated IT network and communication infrastructure and has concentrated on developing its systems knowledge and experience.

Foreign exchange rates

The geographic spread of the Company's customers means that its financial results can be affected by movements in foreign exchange rates.

Section 172(1) Statement

The Board sets the Company'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. 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

Lucy Electric UK Limited

Strategic Report

benefits the individual and the Company 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.

- **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 Company 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 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.
- **Communities and Environment:** Doing business responsibly brings benefits for wider society and assists our commercial success.
- **Regulatory Bodies and Trade Associations:** We recognise that the Company 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 new product development. This assists with the development of the Company's strategic direction.

We define principal decisions as both those that are material to the Company, 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 Company 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.

Lucy Electric UK Limited
Strategic Report

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 Company 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.

This report was approved by the Board on 12 February 2021 and signed on its behalf by



M. Laxton
Company Secretary
12 February 2021

Lucy Electric UK Limited
Report of the Directors

The directors present their report and the financial statements for the year ended 31st December 2020.

Principal activities

The principal activity of the company is the sale of medium voltage switchgear and low voltage fused protection products and solutions.

Directors

The directors who served during the year are as stated below:

C R Dick
J C Finch-Dick
J A Griffiths
G D Ashton

Results and dividends

The results for the year are set out on page 11 and the Company's balance sheet is detailed on page 12, with shareholders funds amounting to £15.3 million.

A dividend of £4m was paid during the year.

Future Developments and Events since the Balance Sheet date

No significant events have occurred since the year end.

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 in the Strategic Report reference S172.

Statement of directors' responsibilities

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

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

Select suitable accounting policies and apply them consistently;

Make judgments and estimates that are reasonable and prudent;

State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Lucy Electric UK Limited
Report of the Directors

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and declaration of fraud and other irregularities.

In so far as the directors are aware:

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

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

Auditors

Wenn Townsend are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 12 February 2021 and signed on its behalf by



M. Laxton
Company Secretary
12 February 2021

Lucy Electric UK Limited
Independent Auditors' Report
To the shareholders of Lucy Electric UK Limited

Opinion

We have audited the financial statements of Lucy Electric UK Limited (the 'company') for the year ended 31 December 2020 which comprises the Profit and Loss Account, the Balance Sheet, the Statement 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 their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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'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.

Lucy Electric UK Limited
Independent Auditors' Report
To the shareholders of Lucy Electric UK Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 5, 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.

Lucy Electric UK Limited
Independent Auditors' Report
To the shareholders of Lucy Electric UK Limited

In preparing the financial statements, the directors are responsible for assessing the 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 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;

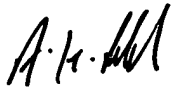
Because of the inherent limitations of an audit, there is a risk that we will not detect all the irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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.

Lucy Electric UK Limited
Independent Auditors' Report
To the shareholders of Lucy Electric UK Limited

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
Statutory Auditor
30 St Giles
Oxford
OX1 3LE

12 February 2021

Lucy Electric UK Limited
Profit & Loss Account
for the year ended 31st December 2020

	Note	2020 £	2019 £
Turnover	2	51,295,039	49,125,121
Cost of sales		(35,983,106)	(34,730,497)
Gross profit		15,311,933	14,394,624
Distribution costs		(4,757,649)	(4,899,820)
Administrative expenses		(2,156,766)	(2,210,377)
Other income	3	172,997	-
Other expenses		(1,710,447)	(1,537,462)
Operating profit	4	6,860,068	5,746,965
Other interest receivable and similar income	7	5,327	28,535
Interest payable and similar charges	8	(24,636)	(37,006)
Profit on ordinary activities before taxation		6,840,759	5,738,494
Tax on profit on ordinary activities	9	(1,286,460)	(431,980)
Profit and total comprehensive income for the financial year	23	5,554,299	5,306,514
Dividends paid in the year	10	(4,000,000)	(4,000,000)
Retained profit for the financial year		1,554,299	1,306,514

All of the activities of the company are classed as continuing.

The notes on pages 14 to 26 form an integral part of these financial statements.

Lucy Electric UK Limited
Balance Sheet
as at 31st December 2020

	Note	2020	2019
		£	£
Fixed Assets			
Intangible assets	11	779	1,329
Tangible assets	12	1,243,900	1,797,451
		<u>1,244,679</u>	<u>1,798,780</u>
Current Assets			
Stocks	14	8,147,977	6,902,128
Debtors due within one year	15	12,596,292	12,722,302
Cash at bank and in hand		6,855,633	4,746,578
		<u>27,599,902</u>	<u>24,371,008</u>
Creditors			
Amounts falling due within one year	17	(13,483,460)	(12,025,383)
Net current assets		<u>14,116,442</u>	<u>12,345,625</u>
Total assets less current liabilities		<u>15,361,121</u>	<u>14,144,405</u>
Creditors: Amounts falling due after one year	18	(11,556)	(339,466)
Provisions for liabilities	19	(56,959)	(66,632)
Net assets		<u>15,292,606</u>	<u>13,738,307</u>
Capital and reserves			
Called-up equity share capital	21	600,000	600,000
Share premium account	22	9,361,007	9,361,007
Profit and loss account	23	5,331,599	3,777,300
Shareholders' funds	24	<u>15,292,606</u>	<u>13,738,307</u>

The financial statements were approved by the Board on the 12 February 2021 and signed on its behalf by

C R Dick
Director



G D Ashton
Director



Registration number 01179461

The notes on pages 14 to 26 form an integral part of these financial statements.

Lucy Electric UK Limited
Statement of Changes in Equity
for the year ended 31st December 2020

	Note	Share capital	Share premium	Profit and loss account	Total
		£	£	£	£
At 1st January, 2019		600,000	9,361,007	2,470,786	12,431,793
Profit for the financial year		-	-	5,306,514	5,306,514
Dividends and other appropriations paid in the year		-	-	(4,000,000)	(4,000,000)
At 31st December, 2019		600,000	9,361,007	3,777,300	13,738,307
Profit for the financial year		-	-	5,554,299	5,554,299
Dividends and other appropriations paid in the year	10	-	-	(4,000,000)	(4,000,000)
At 31st December, 2020		600,000	9,361,007	5,331,599	15,292,606

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
31st December 2020

1. Accounting policies

Statement of Compliance

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 101 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 101) and the Companies Act 2006.

Basis of preparation

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.

Lucy Electric UK Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information in these financial statements. The nature of the company's operations and principal activities are noted in the directors' report.

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
IAS 1:	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 profit or loss. Non-monetary items are translated at the date of the transaction.

Revenue

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 and volume rebates. Revenue is recognised when control of the products has transferred to the customer. Detail on the companies main revenue streams are described in detail below.

Product sales:

The company 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, based upon past experience, to determine the most likely result of the variable consideration.

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.

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
31st December 2020

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.

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 company. The majority of the companies warranties are assurance warranties, which are provided for in accordance with IAS 37 Provisions.

Costs to obtain contracts:

The company 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 company 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.

Grant Income

The company receives government grants in respect of the Coronavirus Job Retention Scheme. These grants are recognised using the accrual model and as such are recorded in the profit and loss account in the period on which the company is entitled to such grants as a result of having furloughed staff members.

Operating expenses

Operating expenses are recognised in profit or loss 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%
- Leasehold improvements – not exceeding the term of the lease

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 profit or loss within other income or other expenses.

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

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
31st December 2020

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.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value; in respect of work in progress and finished goods, costs include a relevant proportion of overheads according to the stage of completion. Net realisable value is the estimated selling price reduced by all costs of completion, marketing and distribution.

Taxation

Tax expense recognised in profit or loss 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.

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 profit and loss account so as to spread the cost of pensions over employees' working lives with the company. For employees not in this scheme the group provided a Stakeholder Scheme. 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.

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

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
31st December 2020

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.

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.

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
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2. Turnover

The total turnover of the company for the year has been derived from its principal activity. In the opinion of the directors 26% of the turnover is attributable to geographical markets outside the UK (2019: 17%).

3. Other income

	2020	2019
	£	£
Coronavirus job retention scheme government grant	172,997	-
	<u>172,997</u>	<u>-</u>

4. Operating profit

	2020	2019
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	752,378	847,308
Amortisation of lintangible fixed assets	550	7,356
(Profit) on disposal of tangible fixed assets	(1,136)	(224,550)
Auditors' remuneration		
-as auditor	16,450	15,850
Net loss/(gain) on foreign currency transactions	163,682	(25,818)
	<u>163,682</u>	<u>(25,818)</u>

5. Auditors' remuneration

	2020	2019
	£	£
Auditors' remuneration - audit of the financial statements	<u>16,450</u>	<u>15,850</u>

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
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6. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2020	2019
Production and distribution	130	116
Administration	5	5
	<u>135</u>	<u>121</u>

Employment costs

	2020	2019
	£	£
Wages and salaries	5,628,133	4,981,229
Social security costs	594,869	519,600
Pension costs	353,269	309,981
	<u>6,576,271</u>	<u>5,810,810</u>

No remuneration was paid to the directors in respect of services carried out on behalf of the company in either of the above two financial years.

The defined benefit scheme provides benefits based on final pensionable pay for eligible employees who joined on or before 10th April 2002. Barnett Waddingham Ltd are the actuaries of the scheme and they calculate the level of contributions. The latest actuarial report on the scheme, which was issued in October 2020, shows there is a deficit of assets compared with actuarially determined liabilities. The pension costs of these members are charged as incurred, all deficits are provided for in the books of Lucy Group Ltd. and disclosed in the group accounts.

As a multi-employer scheme, contributions are set at a general level without reference to the characteristics of individual employees. The company is unable to identify its share of underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore the scheme is accounted for as though it is a defined contribution scheme.

For employees not in this scheme there is a Stakeholder Scheme called the Lucy Group Personal Pension Plan. The company has complied with the automatic enrollment laws in Part 1 of the Pensions Act 2008.

Analysis of the amount charged to operating profit

	2020	2019
	£	£
Defined benefit scheme	169,297	160,459
Defined contribution scheme	183,972	149,522

7. Interest receivable and similar income

	2020	2019
	£	£
Bank interest	5,327	28,535
	<u>5,327</u>	<u>28,535</u>

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8. Interest payable and similar charges

	2020	2019
	£	£
Other interest	2,040	269
Lease interest	22,596	36,737
	<u>24,636</u>	<u>37,006</u>

9. Tax on profit on ordinary activities

a) Analysis of charge in period

	2020	2019
	£	£
Current Tax		
UK Corporation tax	1,381,938	326,213
Adjustment in respect of previous	(129,374)	68,690
	<u>1,252,564</u>	<u>394,903</u>

UK Deferred tax

Timing differences	(7,627)	9,736
Capital allowances	52,653	27,341
Effect of increased tax rate on opening liability	(11,130)	-
Total UK deferred taxation	<u>33,896</u>	<u>37,077</u>

Total tax charge on profit on ordinary activities

	<u>1,286,460</u>	<u>431,980</u>
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Profit on ordinary activities before taxation

	<u>6,840,759</u>	<u>5,738,494</u>
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Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)

	1,299,744	1,090,314
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Adjustment in respect of previous years	(129,374)	68,610
Expenses not deductible for tax purposes	227,050	(9,586)
Other	(7,627)	-
Group tax relief	(92,203)	(712,987)
Effect of differing UK tax rates	(11,130)	(4,371)

Total tax (note 9 (a))

	<u>1,286,460</u>	<u>431,980</u>
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Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
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10. Dividends

Equity dividends	2020	2019
	£	£
Final dividend paid - 667p (2019: 667p) per share	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

11. Intangible fixed assets

	Software	Total
	£	£
Cost or valuation		
At 1st January, 2020	141,574	141,574
Additions	-	-
Disposals	-	-
At 31st December, 2020	<u>141,574</u>	<u>141,574</u>
Amortisation		
At 1st January, 2020	140,245	140,245
Charge for period	550	550
Disposals	-	-
At 31st December, 2020	<u>140,795</u>	<u>140,795</u>
Net book value		
At 31st December, 2020	<u>779</u>	<u>779</u>
At 1st January, 2020	<u>1,329</u>	<u>1,329</u>

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Notes to the Financial Statements for the Year Ended
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12. Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Cost or valuation	£	£	£	£	£
At 1st January, 2020	1,503,731	4,169,663	1,435,691	755,682	7,864,767
Additions	-	69,628	17,332	102,466	189,426
Lease additions	-	-	-	20,243	20,243
Disposals	-	(93,249)	(56,974)	(27,695)	(177,918)
At 31st December, 2020	<u>1,503,731</u>	<u>4,146,042</u>	<u>1,396,049</u>	<u>850,696</u>	<u>7,896,518</u>
Depreciation					
At 1st January, 2020	691,746	3,576,396	1,263,190	535,984	6,067,316
Charge for year	394,578	166,559	48,793	142,448	752,378
Disposals	-	(93,249)	(54,897)	(18,930)	(167,076)
At 31st December, 2020	<u>1,086,324</u>	<u>3,649,706</u>	<u>1,257,086</u>	<u>659,502</u>	<u>6,652,618</u>
Net book value					
At 31st December, 2020	<u>417,407</u>	<u>496,336</u>	<u>138,963</u>	<u>191,194</u>	<u>1,243,900</u>
At 31st December, 2019	<u>811,985</u>	<u>593,267</u>	<u>172,501</u>	<u>219,698</u>	<u>1,797,451</u>

Freehold Land

Included in the net book value of land and buildings of £417,407 is an amount of £nil (2019: £nil) that relates to freehold land.

Net book value of land and buildings is split £115,057 relating to leasehold improvements and £302,350 for leasehold buildings.

Capital commitments

	2020	2019
	£	£
Contracted but not provided for in the financial statements	-	-

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
31st December 2020

13. Leases

a) The Company leases a number of assets and property, plant and equipment (note 12) include £716,332 right-of-use assets that are leased. Details are shown below.

Right-of-use assets	Property	Vehicles	Machinery & Equipment	Total
	£	£	£	£
Balance at 1st January	632,187	84,145	-	716,332
Additions	-	20,243	-	20,243
Depreciation charge for the year	(329,837)	(56,384)	-	(386,221)
Balance at 31st December	<u>302,350</u>	<u>48,004</u>	<u>-</u>	<u>350,354</u>

b) Lease liabilities

	2020
Maturity analysis - undiscounted cashflows	
Less than one year	344,317
One to five years	11,556
More than five years	-
	<u>355,873</u>
Lease liabilities	
Current	344,317
Non-current	11,556
	<u>355,873</u>
c) Amounts recognised in income	
Lease liability interest	22,596
	<u>22,596</u>

14. Stocks

	2020	2019
	£	£
Raw materials and consumables	4,992,019	3,925,390
Work in progress	1,197	2,391
Finished goods and goods for resale	3,154,761	2,974,347
	<u>8,147,977</u>	<u>6,902,128</u>

In the opinion of the directors, the replacement cost of stocks is not materially different from that shown above.

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
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15. Debtors

	2020	2019
	£	£
Trade debtors	7,243,486	5,254,904
Amounts owed by group undertakings	4,970,764	7,208,622
Deferred tax	60,706	94,602
Prepayments and accrued income	321,336	164,174
	<u>12,596,292</u>	<u>12,722,302</u>

All of the company's trade and other receivables have been reviewed for indicators of impairment. No indicators of impairment were identified.

The debtors above include the following amounts falling due after more than one year:

	2020	2019
	£	£
Deferred tax recoverable	<u>60,706</u>	<u>94,602</u>

16. Deferred Tax

The deferred tax included in the Balance Sheet is as follows:

	2020	2019
	£	£
Included in debtors (note 15)	60,706	94,602

The movement in the deferred taxation account during the year was:

	Deferred taxation	Total
	£	£
Balance at 1 January 2020	94,602	94,602
Charge for the year	<u>(33,896)</u>	<u>(33,896)</u>
Balance at 31 December 2020	<u>60,706</u>	<u>60,706</u>
Analysed as:	2020	2019
	£	£
Depreciation in excess of capital allowances	43,557	86,082
Other timing differences	<u>17,149</u>	<u>8,520</u>
	<u>60,706</u>	<u>94,602</u>

Lucy Electric UK Limited
Notes to the Financial Statements for the Year Ended
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17. Creditors - amounts falling due within one year

	2020	2019
	£	£
Hire purchase and finance lease agreements	344,317	383,083
Trade creditors	5,666,461	4,521,009
Amounts owed to group undertakings	2,280,516	3,820,869
Corporation tax	904,114	287,114
Social security and other taxes	308,716	228,046
Accruals and deferred income	3,979,336	2,785,262
	<u>13,483,460</u>	<u>12,025,383</u>

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

	2020	2019
	£	£
Hire purchase and finance lease agreements	11,556	339,466
	<u>11,556</u>	<u>339,466</u>

19. Provisions for liabilities

	Warranty Provision	Total
At 1st January, 2020	66,632	66,632
Provided in the year	(63,159)	(63,159)
Utilised in the year	53,486	53,486
	<u>56,959</u>	<u>56,959</u>

The warranty provision is based on historical warranty data and is assessed based on a weighting of all possible outcomes against their associated probabilities.

The warranty provision in the year is for long term contracts with a one year warranty period.

20. Commitments and contingencies

Contingent liabilities

The company has given guarantees amounting to the equivalent of £169,615 (2019: £531,048) to its bankers in respect of performance and tender bonds and counter indemnities issued by them on the company's behalf.

21. Share capital

	2020	2019
	£	£
Authorised		
600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>
Allotted, called up and fully paid :		
600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>
Equity Shares		

Lucy Electric UK Limited
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600,000 Ordinary shares of £1 each	600,000	600,000
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22. Share premium

	Share premium £
At 1st January, 2020	9,361,007
At 31st December, 2020	9,361,007

23. Profit and loss account

	2020 £
At 1st January, 2020	3,777,300
Profit for the financial year	5,554,299
Dividends paid in the year	(4,000,000)
At 31st December, 2020	5,331,599

24. Reconciliation of movements in shareholders' funds

	2020 £	2019 £
Profit for the year	5,554,299	5,306,514
Dividend paid in the year	(4,000,000)	(4,000,000)
Opening shareholders' funds	13,738,307	12,431,793
At 31st December	15,292,606	13,738,307

24. Related party transactions

There are no related party transactions with entities that are not wholly owned subsidiaries of the parent company.

25. Ultimate parent undertaking

The company is a wholly owned subsidiary of Lucy Group Ltd, a company incorporated in England whose ultimate parent undertaking is W L Shareholding Company Limited, a company incorporated in England.

Group accounts are available from the parent undertaking's address at Eagle Works, Walton Well Road, Oxford OX2 6EE.