



Lucy Electric (EMS) Limited

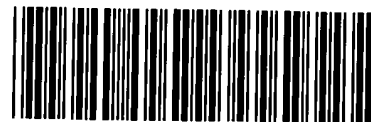
Directors' Report and Financial Statements

for the year ended

31st December 2016

Registration Number : 01601525

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Lucy Electric (EMS) Limited
Company Information

Directors	C. R. Dick G. D. Ashton J. A. Griffiths
Secretary	M. Laxton
Company Number	01601525
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 (EMS) Limited

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Lucy Electric (EMS) Limited
Strategic Report

Strategy

The vision of the company is to be a leading developer of intellectual property for medium voltage switchgear, and to deliver sustainable business growth and profits by introducing new technologies and products into the marketplace.

Business development and performance for the year

The company reported an increase in sales of 7.6% and losses before tax reported are £4.4 million (2015: £2.3 million loss before tax). Shareholders' funds are £2.4 million at 31st December 2016.

The company is continuing to develop its range of medium voltage switchgear products and its range of automated remote terminal units.

Plans for future periods

The company plans to invest in the development of its intellectual property in order to provide long term opportunities for growth.

Principal risks and uncertainties

The key business risks are currently identified as follows:

- **Macro economic environment**

Low 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 the macro economic and political uncertainties in key markets. There are always inherent risks in the introduction of new technologies and the entry into new markets.


- **People**

The expertise, commitment and support of employees is central to continued business success. Ensuring the business maintains the right mix of skills, knowledge and experience to support a high performing company culture is a key on-going challenge 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 system knowledge and experience.

This report was approved by the Board on 10 February 2017 and signed on its behalf by



M. Laxton
Company Secretary
10 February 2017

Lucy Electric (EMS) Limited
Report of the Directors

The directors present their report and the financial statements for the year ended 31st December 2016.

Principal activities

The principal activity of the company is the development of intellectual property for medium voltage switchgear and the provision of management services to Lucy Electric a group of businesses within W Lucy & Co Ltd.

Directors

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

C R Dick
G D Ashton
J A Griffiths

Results and dividends

The results for the year are set out on page 6 and the company's balance sheet is detailed on page 7, with shareholder funds amounting to £2,387k.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Lucy Electric (EMS) Limited
Report of the Directors

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 10 February 2017 and signed on its behalf by



M. Laxton
Company Secretary
10 February 2017

Lucy Electric (EMS) Limited
Independent Auditors' Report
To the shareholders of Lucy Electric (EMS) Limited

We have audited the financial statements of Lucy Electric (EMS) Limited for the year ended 31st December 2016 which comprise the Profit & Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016, and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, 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 the applicable legal requirements.

Lucy Electric (EMS) Limited
Independent Auditors' Report
To the shareholders of Lucy Electric (EMS) Limited

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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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



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

10 February 2017

Lucy Electric (EMS) Limited
Profit and Loss Account
for the year ended 31st December 2016

	Note	2016 £	2015 £
Sales	2	13,081,976	12,155,556
Cost of sales		(17,099,721)	(15,826,838)
Gross profit		(4,017,745)	(3,671,282)
Distribution costs		-	-
Administrative expenses		(360,107)	(471,503)
Other expenses		-	-
Operating profit	3	(4,377,852)	(4,142,785)
Other interest receivable and similar income	7	412,945	2,619,445
Interest payable and similar charges	8	(472,443)	(736,892)
Profit on ordinary activities before taxation		(4,437,350)	(2,260,232)
Tax on profit on ordinary activities	9	45,642	7,692
Profit for the financial year and total	21	(4,391,708)	(2,252,540)

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

The notes on pages 9 to 21 form an integral part of these financial statements.

Lucy Electric (EMS) Limited
Balance Sheet
as at 31st December 2016

	Note	2016	2015
		£	£
Fixed Assets			
Intangible assets	10	556,621	641,226
Tangible assets	11	454,518	463,885
Investments	12	4,502,317	10,311,100
		<u>5,513,456</u>	<u>11,416,211</u>
Current Assets			
Debtors due within one year	13	6,941,383	7,091,049
Cash at bank and in hand		933,607	1,275,870
		<u>7,874,990</u>	<u>8,366,919</u>
Creditors			
Amounts falling due within one	15	(3,761,430)	(3,250,477)
Net current assets		<u>4,113,560</u>	<u>5,116,442</u>
Total assets less current liabilities		<u>9,627,016</u>	<u>16,532,653</u>
Creditors: Amounts falling due after one year		(4,313,040)	(10,121,823)
Provisions for liabilities	17	(2,926,597)	(2,631,743)
Net assets		<u><u>2,387,379</u></u>	<u><u>3,779,087</u></u>
Capital and reserves			
Called-up equity share capital	19	10,000,050	7,000,050
Share premium account	20	387,540	387,540
Profit and loss account	21	(8,000,211)	(3,608,503)
Shareholders' funds	22	<u><u>2,387,379</u></u>	<u><u>3,779,087</u></u>

The financial statements were approved by the Board on the 10 February 2017 and signed on its behalf by

C R Dick
Director



G D Ashton
Director



Registration number 01601525

The notes on pages 9 to 21 form an integral part of these financial statements.

Lucy Electric (EMS) Limited
Statement of Changes in Equity
for the year ended 31st December 2016

	Share capital	Share premium	Profit and loss account	Total
		£	£	£
At 1st January, 2015	2,000,050	387,540	(1,355,963)	1,031,627
Profit for the financial year	-	-	(2,252,540)	(2,252,540)
Issue of share capital	5,000,000	-	-	5,000,000
At 31st December, 2015	7,000,050	387,540	(3,608,503)	3,779,087
Profit for the financial year	-	-	(4,391,708)	(4,391,708)
Issue of share capital	3,000,000	-	-	3,000,000
At 31st December, 2016	10,000,050	387,540	(8,000,211)	2,387,379

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

1. Accounting policies

Statement of Compliance

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

Basis of preparation

The financial statements have been prepared and 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

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.

Turnover

Turnover from ordinary activities is recognised where it is likely that future economic benefits will accrue to the company and this income can be assessed reliably. Such income is assessed at the fair value of the consideration to be received, excluding trade discounts and value added tax.

Fixed assets

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:

- | | |
|---------------------|---------------|
| - Equipment | - 12.5% - 33% |
| - Plant and tooling | - 5% - 33% |
| - Motor vehicles | - 10% - 20% |

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.

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

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 asset on a straight line basis over the life of the asset. The residual value, if significant is reassessed annually.

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

Leased assets

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

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.

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

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 managed by Sterling ISA Managers Limited, trading as Zurich Money4Life™, as the provider. 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.

Going concern

The company has sufficient financial resources, including the continued support of the ultimate parent company, to continue in operational existence in the foreseeable future. As a result the going concern basis of accounting in preparing the financial statements has been adopted.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006. It is a subsidiary undertaking of W. Lucy & Co. Ltd., a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

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.

Provisions and contingent liabilities

Management judgement is required in measuring and recognising provisions for warranties. Judgement is required in order to assess the likelihood and amounts of future claims. Management estimates are based on past experience, assessed against the probability of future outcomes.

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 75% for the year (2015: 76%).

	2016	2015
	£	£
UK	3,243,440	2,886,207
Overseas	9,838,536	9,269,349
	<u>13,081,976</u>	<u>12,155,556</u>

3. Operating profit

	2016	2015
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	125,871	126,970
Amortisation of intangible fixed assets	333,974	281,677
(Profit) on disposal of tangible fixed assets	(11,000)	(9,000)
Research & Development	9,505,095	8,937,268
Auditors' remuneration		
-as auditor	5,750	5,550
-non audit fees	-	-
Operating lease costs:		
- Plant and equipment	-	-
- Land and buildings	27,636	-
- Motor vehicles	7,529	7,598
Net (gain)/loss on foreign currency transactions	<u>(690,955)</u>	<u>(242,711)</u>

4. Auditors' remuneration

	2016	2015
	£	£
Auditors' remuneration - audit of the financial statements	<u>5,750</u>	<u>5,850</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

5. Employees

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

	2016	2015
Engineering, systems and selling	119	121
Administration	9	5
	<u>128</u>	<u>126</u>

Employment costs

	2016	2015
	£	£
Wages and salaries	6,874,028	6,307,828
Social security costs	757,140	681,081
Pension costs	432,675	433,777
	<u>8,063,843</u>	<u>7,422,686</u>

Pension scheme

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 April 2014, 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 W. Lucy & Co. 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 a Stakeholder Scheme called the Lucy Group Personal Pension Plan. This plan is established with Sterling ISA Managers, trading as Zurich Money4LifeTM as the provider. The company has complied with the automatic enrollment laws in Part 1 of the Pensions Act 2008.

Analysis of the amount charged to

	2016	2015
	£	£
Defined benefit scheme	164,249	191,551
Defined contribution scheme	<u>268,426</u>	<u>242,226</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2016	2015
	£	£
Short-term employee benefits	278,089	284,375
Post employment benefits	29,535	29,400
	<u>307,624</u>	<u>313,775</u>

Remuneration of highest paid director:

	2016	2015
	£	£
Total remuneration (excluding pension contributions)	<u>278,089</u>	<u>284,375</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2016	2015
	Number	Number
Defined contribution scheme	1	1
	£	£
Defined contribution scheme	<u>29,535</u>	<u>29,400</u>

The only director whose remuneration is borne by the company is a member of the defined benefit section of the W. Lucy Pension Scheme.

7. Interest receivable and similar income

	2016	2015
	£	£
Interest from group undertakings	413,100	618,014
Loan waiver	-	2,000,000
Other interest	(155)	1,431
	<u>412,945</u>	<u>2,619,445</u>

8. Interest payable and similar charges

	2016	2015
	£	£
Interest payable to group undertakings	407,021	660,566
Amortisation of licenses	65,422	76,326
	<u>472,443</u>	<u>736,892</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

9. Tax on profit on ordinary activities

Analysis of charge in period:	2016	2015
	£	£
Current Tax		
UK Corporation tax	-	-
Group tax relief	-	-
Adjustment in respect of previous years	-	(58,253)
	-	(58,253)
UK Deferred tax		
Timing differences	(36,542)	-
Capital allowances	(9,100)	50,561
Reduction in tax rate	-	-
Total UK deferred taxation	(45,642)	50,561
Total tax charge on profit on ordinary activities	(45,642)	(7,692)
b Factors affecting tax charge for period		
Profit on ordinary activities before taxation	(4,437,350)	(2,260,232)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(887,470)	(457,697)
Adjustment in respect of previous years	-	(58,253)
Effect of change in non-allowable general provisions	42,982	-
Expenses not deductible for tax purposes	26,323	(394,000)
Capital allowances for period in excess of depreciation	30,184	5,800
Group tax relief	787,981	973,897
(Utilisation)/increase of tax losses carried forward	-	(128,000)
Total tax (note 8(a))	-	(58,253)

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

10. Intangible fixed assets

	Software £	Licenses £	Total £
Cost or valuation			
At 1st January, 2016	1,187,309	321,660	1,508,969
Additions	249,369	-	249,369
Disposals	-	-	-
Revaluation	-	-	-
At 31st December, 2016	<u>1,436,678</u>	<u>321,660</u>	<u>1,758,338</u>
Amortisation			
At 1st January, 2016	791,417	76,326	867,743
Charge for period	268,552	65,422	333,974
Disposals	-	-	-
At 31st December, 2016	<u>1,059,969</u>	<u>141,748</u>	<u>1,201,717</u>
Net book value			
At 31st December, 2016	<u>376,709</u>	<u>179,912</u>	<u>556,621</u>
At 1st January, 2016	<u>395,892</u>	<u>245,334</u>	<u>641,226</u>

11. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1st January, 2016	387,868	260,071	209,306	857,245
Additions	6,135	53,151	57,218	116,504
Disposals	-	-	(67,504)	(67,504)
At 31st December, 2016	<u>394,003</u>	<u>313,222</u>	<u>199,020</u>	<u>906,245</u>
Depreciation				
At 1st January, 2016	100,710	188,208	104,442	393,360
Charge for year	46,008	37,342	42,521	125,871
Disposals	-	-	(67,504)	(67,504)
At 31st December, 2016	<u>146,718</u>	<u>225,550</u>	<u>79,459</u>	<u>451,727</u>
Net book value				
At 31st December, 2016	<u>247,285</u>	<u>87,672</u>	<u>119,561</u>	<u>454,518</u>
At 31st December, 2015	<u>287,158</u>	<u>71,863</u>	<u>104,864</u>	<u>463,885</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

12. Fixed asset investments

	Shares in subsidiary undertakings	Loans to group undertakings	Total
Cost	£	£	£
At 1st January, 2016	189,277	10,121,823	10,311,100
Currency valuation adjustment	-	1,954,690	1,954,690
Restated opening balance	189,277	12,076,513	12,265,790
Movements in the year	-	(7,763,473)	(7,763,473)
At 31st December, 2016	<u>189,277</u>	<u>4,313,040</u>	<u>4,502,317</u>
Net book value			
At 31st December, 2016	<u>189,277</u>	<u>4,313,040</u>	<u>4,502,317</u>
At 31st December, 2015	<u>189,277</u>	<u>10,121,823</u>	<u>10,311,100</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Shares held	
		Class	%
Lucy Switchgear Arabia Limited	Saudi Arabia	Ordinary	90

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Subsidiary undertakings	Principal activity	Capital and reserves	Profit/(loss) for the year
		2016 £	2016 £
Lucy Switchgear Arabia Limited	Manufacture and sales of switchgear products	269,565	74,896

In the opinion of the directors, the recoverable amount of the company's investment is not less than the amount included in the balance sheet.

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2016

13. Debtors

	2016	2015
	£	£
Amounts owed by group undertakings	6,613,235	6,726,070
Corporation tax	-	56,249
Deferred tax	16,776	-
Prepayments and accrued income	244,021	268,432
Other debtors	67,351	40,298
	<u>6,941,383</u>	<u>7,091,049</u>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

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

14. Deferred Tax

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

	2016	2015
	£	£
Included in creditors in 2015 (note 15)	16,776	(28,866)

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

	Deferred taxation	Total
	£	£
Balance at 1 January 2016	-	-
Charge for the year	(45,642)	(45,642)
Balance at 31 December 2016	<u>45,642</u>	<u>45,642</u>
Analysed as:	2016	2015
	£	£
Depreciation in excess of capital allowances	(9,100)	50,561
Other timing differences	(36,542)	-
	<u>(45,642)</u>	<u>50,561</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
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15. Creditors - amounts falling due within one year

	2016	2015
	£	£
Trade creditors	160,925	152,097
Amounts owed to group undertakings	2,106,097	1,915,717
Deferred tax	-	28,866
Social security and other taxes	258,727	222,084
Accruals and deferred income	1,235,681	931,713
	<u>3,761,430</u>	<u>3,250,477</u>

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

	2016	2015
	£	£
Amounts owed to group undertakings	4,313,040	10,121,823
Hire purchase and finance lease agreements	-	-
	<u>4,313,040</u>	<u>10,121,823</u>

The amount owed to group companies is through one 6 year intercompany loan from W. Lucy & Co. Ltd. for SAR 25 million repayable in 2020.

17. Provisions for liabilities

	2016	2015
	£	£
Warranty provision	2,134,671	1,894,347
Expenses provision	791,926	737,396
	<u>2,926,597</u>	<u>2,631,743</u>

	Warranty Provision	Expenses Provision	Total
At 1st January, 2016	1,894,347	737,396	2,631,743
Provided in the year	730,676	977,104	1,707,780
Utilised in the year	(490,352)	(922,574)	(1,412,926)
	<u>2,134,671</u>	<u>791,926</u>	<u>2,926,597</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

Lucy Electric (EMS) Limited
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18. Commitments and contingencies

Future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Amounts payable within 1 year	23,000	-	-	-
Amounts payable between 2 to 5 years	92,000	-	-	-
Amounts payable after more than 5 years	115,000	-	-	-
	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. Share capital

	2016	2015
	£	£
Allotted, called up and fully paid :		
10,000,050 Ordinary shares of £1 each	<u>10,000,050</u>	<u>7,000,050</u>
Equity Shares		
10,000,050 Ordinary shares of £1 each	<u>10,000,050</u>	<u>7,000,050</u>

During the year 3,000,000 ordinary shares were issued at par for cash consideration.

20. Share premium

	Share premium
	£
At 1st January, 2016	387,540
Premium arising on issue of equity shares	-
Expense on issue of equity shares	-
At 31st December, 2016	<u>387,540</u>

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21. Profit and loss account

	2016
	£
At 1st January, 2016	(3,608,503)
Profit for the financial year	(4,391,708)
At 31st December, 2016	<u>(8,000,211)</u>

22. Reconciliation of movements in shareholders' funds

	2016	2015
	£	£
Profit for the year	(4,391,708)	(2,252,540)
Opening shareholders' funds	3,779,087	1,031,627
Ordinary share issue	3,000,000	5,000,000
At 31st December	<u>2,387,379</u>	<u>3,779,087</u>

23. Ultimate parent undertaking

The company is a wholly owned subsidiary of W. Lucy & Co. Limited, 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.