



Lucy Electric (EMS) Limited

Directors' Report and Financial Statements

for the year ended

31st December 2018



Registration Number : 01601525

Lucy Electric (EMS) Limited
Company Information

Directors	C. R. Dick G. D. Ashton J. C. Finch-Dick 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 10.9% and losses before tax reported are £1.3 million (2017: £5.8 million loss before tax). Shareholders' funds are £7.6 million at 31st December 2018.

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 08 February 2019 and signed on its behalf by



M. Laxton
Company Secretary
08 February 2019

Lucy Electric (EMS) Limited

Report of the Directors

The directors present their report and the financial statements for the year ended 31st December 2018.

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 Lucy Group Ltd.

Directors

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

C R Dick

G D Ashton

J C Finch-Dick

J A Griffiths

Results and dividends

The results for the year are set out on page 7 and the company's balance sheet is detailed on page 8, with shareholder funds amounting to £7,561k.

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

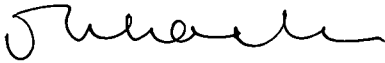
The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Lucy Electric (EMS) Limited
Report of the Directors

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

This report was approved by the Board on 08 February 2019 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'M. Laxton', written in a cursive style.

M. Laxton
Company Secretary
08 February 2019

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

Opinion

We have audited the financial statements of Lucy Electric (EMS) Limited (the 'company') for the year ended 31 December 2018 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 2018, 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.

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

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

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

Other information

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

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

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 2, 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 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Ajay Bahl BA FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend
Statutory Auditor
30 St Giles
Oxford
OX1 3LE

08 February 2019

Lucy Electric (EMS) Limited
Profit and Loss Account
for the year ended 31st December 2018

	Note	2018 £	2017 £
Sales	2	13,785,483	12,428,131
Cost of sales		(16,432,857)	(17,647,246)
Gross profit		(2,647,374)	(5,219,115)
Administrative expenses		(731,139)	(562,704)
Operating profit	3	(3,378,513)	(5,781,819)
Other interest receivable and similar income	7	2,415,890	229,557
Interest payable and similar charges	8	(303,184)	(294,297)
Loss on ordinary activities before taxation		(1,265,807)	(5,846,559)
Tax on profit on ordinary activities	9	79,181	206,680
Loss for the financial year and total comprehensive income for the year	21	(1,186,626)	(5,639,879)

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

The notes on pages 10 to 22 form an integral part of these financial statements.

Lucy Electric (EMS) Limited
Balance Sheet
as at 31st December 2018

	Note	2018	2017
		£	£
Fixed Assets			
Intangible assets	10	1,181,072	359,160
Tangible assets	11	316,206	398,041
Investments	12	2,280,146	3,539,361
		<u>3,777,424</u>	<u>4,296,562</u>
Current Assets			
Debtors due within one year	13	9,383,972	9,781,930
Cash at bank and in hand		418,282	963,897
		<u>9,802,254</u>	<u>10,745,827</u>
Creditors			
Amounts falling due within one	15	(3,586,536)	(2,417,477)
Net current assets		<u>6,215,718</u>	<u>8,328,350</u>
Total assets less current liabilities		<u>9,993,142</u>	<u>12,624,912</u>
Creditors: Amounts falling due			
after one year	16	-	(3,350,084)
Provisions for liabilities	17	(2,432,267)	(2,527,328)
Net assets		<u>7,560,875</u>	<u>6,747,500</u>
Capital and reserves			
Called-up equity share capital	19	22,000,050	20,000,050
Share premium account	20	387,540	387,540
Profit and loss account	21	(14,826,716)	(13,640,090)
Shareholders' funds	22	<u>7,560,874</u>	<u>6,747,500</u>

The financial statements were approved by the Board on the 8 February 2019 and signed on its behalf by

C R Dick
Director



G D Ashton
Director



Registration number 01601525

The notes on pages 10 to 22 form an integral part of these financial statements.

Lucy Electric (EMS) Limited
Statement of Changes in Equity
for the year ended 31st December 2018

	Share capital	Share premium	Profit and loss account	Total
		£	£	£
At 1st January, 2017	10,000,050	387,540	(8,000,211)	2,387,379
Profit for the financial year	-	-	(5,639,879)	(5,639,879)
Issue of share capital	10,000,000	-	-	10,000,000
At 31st December, 2017	20,000,050	387,540	(13,640,090)	6,747,500
Profit for the financial year	-	-	(1,186,626)	(1,186,626)
Issue of share capital	2,000,000	-	-	2,000,000
At 31st December, 2018	22,000,050	387,540	(14,826,716)	7,560,874

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

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.

Lucy Electric (EMS) 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.

Changes in accounting policies

IFRS 15 – Revenue from contracts with Customers

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

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

IFRS 9 – Financial Instruments

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

Disclosure exemptions adopted

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

- 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

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

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 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.

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	- 10% - 25%
- Plant and tooling	- 6% - 25%
- Motor vehicles	- 25%

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.

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

Investments

Investment in subsidiary undertakings are accounted for at original cost.

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

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.

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.

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

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

Act 2006. It is a subsidiary undertaking of Lucy Group 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 2018

2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 77% for the year (2017: 77%).

	2018	2017
	£	£
UK	3,146,800	2,904,658
Overseas	10,638,683	9,523,473
	<u>13,785,483</u>	<u>12,428,131</u>

3. Operating profit

	2018	2017
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	128,869	131,691
Amortisation of intangible fixed assets	241,104	319,521
(Profit) / loss on disposal of tangible fixed assets	-	(3,294)
Research & Development	7,222,224	8,659,732
Auditors' remuneration		
-as auditor	6,200	6,150
-non audit fees	-	-
Operating lease costs:		
- Plant and equipment	-	-
- Land and buildings	24,917	24,917
- Motor vehicles	8,385	9,325
Net loss/(gain) on foreign currency transactions	<u>53,173</u>	<u>(75,973)</u>

4. Auditors' remuneration

	2018	2017
	£	£
Auditors' remuneration - audit of the financial statements	<u>6,200</u>	<u>6,150</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

5. Employees

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

	2018	2017
Production and distribution	101	106
Administration	9	9
	<u>110</u>	<u>115</u>

Employment costs

	2018	2017
	£	£
Wages and salaries	6,783,944	6,614,080
Social security costs	679,925	697,847
Pension costs	398,985	447,484
	<u>7,862,854</u>	<u>7,759,411</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 Lucy Group Ltd. and disclosed in the group

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	2018	2017
	£	£
Defined benefit scheme	173,860	210,829
Defined contribution scheme	<u>225,125</u>	<u>236,655</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

6. Directors' remuneration

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

	2018	2017
	£	£
Short-term employee benefits	258,025	272,482
Post employment benefits	-	20,120
	<u>258,025</u>	<u>292,602</u>

Remuneration of highest paid director:

	2017	2016
	£	£
Total remuneration (excluding pension contributions)	<u>258,025</u>	<u>272,482</u>

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

	2017	2016
	Number	Number
Defined contribution scheme	1	1
	£	£
Defined contribution scheme	<u>-</u>	<u>20,120</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

	2018	2017
	£	£
Interest from group undertakings	242,002	229,557
Loan waiver	2,009,608	-
Other interest	2,280	-
RDEC Income	162,000	-
	<u>2,415,890</u>	<u>229,557</u>

8. Interest payable and similar charges

	2018	2017
	£	£
Interest payable to group undertakings	237,762	228,875
Amortisation of licenses	65,422	65,422
	<u>303,184</u>	<u>294,297</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

9. Tax on profit on ordinary activities

Analysis of charge in period:	2018	2017
	£	£
Current Tax		
UK Corporation tax	-	-
Group tax relief	-	-
Adjustment in respect of previous years	(77,682)	(180,066)
	<u>(77,682)</u>	<u>(180,066)</u>
UK Deferred tax		
Timing differences	2,786	(5,770)
Capital allowances	(4,285)	(20,844)
Reduction in tax rate	-	-
Total UK deferred taxation	<u>(1,499)</u>	<u>(26,614)</u>
Total tax charge on profit on ordinary activities	<u>(79,181)</u>	<u>(206,680)</u>
b Factors affecting tax charge for period		
Profit on ordinary activities before taxation	<u>(1,265,807)</u>	<u>(5,846,559)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(240,503)	(1,125,463)
Adjustment in respect of previous years	(107,619)	(180,066)
Effect of change in non-allowable general provisions	-	(13,251)
Expenses not deductible for tax purposes	(381,825)	(634)
Capital allowances for period in excess of depreciation	-	29,859
Group tax relief	650,490	1,109,489
Net effect of differing UK tax rates	(211)	-
(Utilisation)/increase of tax losses carried forward	487	-
Total tax (note 8(a))	<u>(79,181)</u>	<u>(180,066)</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

10. Intangible fixed assets

	Software	Licenses	Development	Total
Cost or valuation	£	£	£	£
At 1st January, 2018	1,558,738	321,660	-	1,880,398
Additions	94,013	-	969,003	1,063,016
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31st December, 2018	<u>1,652,751</u>	<u>321,660</u>	<u>969,003</u>	<u>2,943,414</u>
Amortisation				
At 1st January, 2018	1,314,068	207,170	-	1,521,238
Charge for period	175,682	65,422	-	241,104
Disposals	-	-	-	-
At 31st December, 2018	<u>1,489,750</u>	<u>272,592</u>	<u>-</u>	<u>1,762,342</u>
Net book value				
At 31st December, 2018	<u>163,001</u>	<u>49,068</u>	<u>969,003</u>	<u>1,181,072</u>
At 1st January, 2018	<u>244,670</u>	<u>114,490</u>	<u>-</u>	<u>359,160</u>

11. Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Cost or valuation	£	£	£	£
At 1st January, 2018	394,003	381,588	225,161	1,000,752
Additions	3,284	-	43,750	47,034
Disposals	-	-	-	-
At 31st December, 2018	<u>397,287</u>	<u>381,588</u>	<u>268,911</u>	<u>1,047,786</u>
Depreciation				
At 1st January, 2018	192,458	264,148	146,105	602,711
Charge for year	45,848	38,596	44,425	128,869
Disposals	-	-	-	-
At 31st December, 2018	<u>238,306</u>	<u>302,744</u>	<u>190,530</u>	<u>731,580</u>
Net book value				
At 31st December, 2018	<u>158,981</u>	<u>78,844</u>	<u>78,381</u>	<u>316,206</u>
At 31st December, 2017	<u>201,545</u>	<u>117,440</u>	<u>79,056</u>	<u>398,041</u>

Lucy Electric (EMS) Limited
Notes to the Financial Statements for the Year Ended
31st December 2018

12. Fixed asset investments

	Shares in subsidiary undertakings	Loans to group undertakings	Total
Cost	£	£	£
At 1st January, 2018	189,277	3,350,084	3,539,361
Currency valuation adjustment	-	204,394	204,394
Restated opening balance	189,277	3,554,478	3,743,755
Movements in the year	-	(1,463,609)	(1,463,609)
At 31st December, 2018	<u>189,277</u>	<u>2,090,869</u>	<u>2,280,146</u>
Net book value			
At 31st December, 2018	<u>189,277</u>	<u>2,090,869</u>	<u>2,280,146</u>
At 31st December, 2017	<u>189,277</u>	<u>3,350,084</u>	<u>3,539,361</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

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 2018

13. Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	8,899,567	9,420,160
Corporation tax	131,220	-
Deferred tax	44,890	43,390
Prepayments and accrued income	224,592	228,673
Other debtors	83,703	89,707
	<u>9,383,972</u>	<u>9,781,930</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:

	2018	2017
	£	£
Included in debtors (note 13)	44,890	43,390

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

	Deferred taxation	Total
	£	£
Balance at 1 January 2018	43,390	43,390
Charge for the year	1,499	1,499
Balance at 31 December 2018	<u>44,889</u>	<u>44,889</u>
Analysed as:	2018	2017
	£	£
Depreciation in excess of capital allowances	(4,285)	37,620
Other timing differences	2,785	5,770
	<u>(1,500)</u>	<u>43,390</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

	2018	2017
	£	£
Trade creditors	356,785	580,926
Amounts owed to group undertakings	2,336,725	836,161
Social security and other taxes	253,677	232,328
Accruals and deferred income	639,349	768,062
	<u>3,586,536</u>	<u>2,417,477</u>

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

	2018	2017
	£	£
Amounts owed to group undertakings	-	3,350,084
	<u>-</u>	<u>3,350,084</u>

17. Provisions for liabilities

	2018	2017
	£	£
Warranty provision	2,231,996	2,141,757
Restructuring provision	200,271	385,571
	<u>2,432,267</u>	<u>2,527,328</u>

	Warranty Provision	Restructure Provision	Total
At 1st January, 2018	2,141,757	385,571	2,527,328
Provided in the year	771,332	(185,300)	586,032
Released in the year	-	-	-
Utilised in the year	(681,093)	-	(681,093)
	<u>2,231,996</u>	<u>200,271</u>	<u>2,432,267</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
Notes to the Financial Statements for the Year Ended
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18. Commitments and contingencies

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

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Amounts payable within 1 year	23,000	23,000	-	-
Amounts payable between 2 to 5 years	92,000	92,000	-	-
Amounts payable after more than 5 years	115,000	115,000	-	-
	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>-</u>

19. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid :		
22,000,050 Ordinary shares of £1 each	<u>22,000,050</u>	<u>20,000,050</u>
Equity Shares		
22,000,050 Ordinary shares of £1 each	<u>22,000,050</u>	<u>20,000,050</u>

During the year 2,000,000 ordinary shares were issued at par for cash consideration.

20. Share premium

	Share premium
	£
At 1st January, 2018	387,540
Premium arising on issue of equity shares	-
Expense on issue of equity shares	-
At 31st December, 2018	<u>387,540</u>

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21. Profit and loss account

	2018
	£
At 1st January, 2018	(13,640,090)
Profit for the financial year	(1,186,626)
At 31st December, 2018	<u>(14,826,716)</u>

22. Reconciliation of movements in shareholders' funds

	2018	2017
	£	£
Profit for the year	(1,186,626)	(5,639,879)
Opening shareholders' funds	6,747,500	2,387,379
Ordinary share issue	2,000,000	10,000,000
At 31st December	<u>7,560,874</u>	<u>6,747,500</u>

23. 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.