Lucy Group Ltd

2021 Annual Report & Accounts

www.lucygroup.com

Front cover illustration is an abstract of how action
on sustainability impacts city infrastructure

Contents

See this report at **www.lucygroup.com**

Chairman’s Introduction

Results overview

I am pleased to report that the Group’s strong performance in 2020 continued into 2021 with further sales growth and increased profit before tax. This both reflects the resilience of our core business strategy and the contribution of every employee throughout the Group during a further successful year despite the ongoing challenges faced from the global pandemic.

Group sales, underpinned by Lucy Electric’s strong commercial performance, increased in 2021 by 29% to £263.8m (2020: £204.0m) and profit before tax increased to £42.2m (2020: £27.1m), with this including a £4.2m increase in the fair value of the Group’s investment properties (2020: £3.2m). There was a cash inflow of £30.0m (2020: £14.9m) and an increase in the Group’s net assets to £238.4m (2020: £201.4m) at the year-end. We started to see in the second half of 2021 the impact of commodity price increases, developing inflation and ongoing supply chain issues which will place significant pressure on the Group’s performance in 2022.

Our key performance indicators, set out on page 7, are used to monitor the main drivers of the business, and underline the Group’s strong full year performance with all financial indicators being positive. Carbon emissions rose due primarily to an increase in the use of logistics arising from the higher level of sales and some limited travel returning following restrictions in many areas in the previous year.

We have continued to invest in expansion of the Group’s international sales capabilities with additional resources in key markets. Our targeted innovation and product development, including those for the electric vehicle sector, smart city technology and smart ring main units for electricity networks, will provide the Group with a product portfolio capable of delivering long-term value for its stakeholders with sustainability and the drive towards meeting ‘net zero’ targets cornerstones for a rapidly evolving environment and marketplace.

Our focus on value-engineering, strong cost control and management of overheads continued to partially mitigate pricing pressures from an increasingly competitive market, and we remain committed to the delivery of cost reductions and efficiencies throughout our procurement processes and from the supply chain wherever possible.

Whilst there has to date been little impact on the Group following the UK leaving the European Union (‘EU’) and the subsequent transition period ending on 31 December 2021, we are aware that political and economic uncertainty remains which may disrupt and add additional costs to the Group’s supply chain. In addition there may be increased difficulties of retaining and securing skilled labour which could adversely impact performance and increase the Group’s cost base.

The Group is firmly positioned to capitalise on commercial opportunities that present themselves as normality returns after the global pandemic with strong foundations capable of supporting strategic investment to deliver long-term growth and value to our stakeholders. We are immensely proud of our people, where everyone is a member of the ‘Lucy Team’ which we are committed to invest in to attract, retain and develop for the long-term benefit of the Group. Aligned to this is the continued investment in our business systems with our Microsoft D365 cloud-based platform, which supports our financial and supply chain processes and information, expanded to include Lawson Fuses’ Indian business, and Lucy Electric’s implementation of a sales pipeline project to streamline and improve business planning. Lucy Real Estate has identified a specialist partner to support its development of new business systems for the future requirements of its rental and development businesses. Increased digitisation of the Group’s activities is central to improving the efficiency and accuracy of data and providing critical information analysis and insights for the Group.

Dividend

The Board recommends a final dividend of 140p to be paid on 5th May 2022 to shareholders on the register on 31st March 2022 which, including the interim dividend of 93p per share, represents a full year dividend of 233p (2020 normalised full year dividend: 215p). There were two special dividends paid in 2021 of 125p, on 24th June, and 150p, on 8th December, with the former reflecting our exceptional performance in 2020, and the latter 2021’s results.

Strategic Developments

In accordance with its core leadership role, the Board sets, reviews and shapes the Group’s long-term strategic vision and direction, with each business unit leadership team preparing their own medium-term plans and identifying the level of resources required to deliver them. During 2021, the Board received regular updates and presentations to enable it to review performance against the Group’s strategy and the respective business plan and address any concerns and issues that were identified. This enabled the Board and each business to successfully address prevailing commercial and business matters and the continuing issues arising from Covid-19 to deliver another profitable year which will support the Group’s prospects for future growth.

Lucy Electric started 2021 on a strong footing and delivered a very successful full year’s results. There was continued progress on product development, operational improvements, and cost containment activities, with investments in plant and machinery to automate manufacturing processes and a continued emphasis on a value-led approach to engineering. Good progress has been made on the development of a cost effective, environmentally friendly ring main unit. In recognition of the evolving market for electricity networks and for electric vehicles, Lucy Electric and Lucy Zodion have worked together, assisted and facilitated by external specialist consultants, to identify and develop the available commercial opportunities.

The global shortage of semi-conductors, and reduced customer demand principally due to Covid-19, contributed to a further challenging year for Lucy Zodion. The semi-conductor shortage is anticipated to continue into 2022 which will place further strain on the business. Despite this, Ki, Lucy Zodion's smart city product, gained additional business in the UK and opportunities have been identified in Europe and the Middle East. There is increasing demand for our range of EV charging pillars which represents a core strategic foundation in this developing market. Lawson Fuses' operations stabilised during 2021 with modest sales growth achieved despite the business interruption following serious smoke damage to the UK site at Ponteland.

Lucy Real Estate had another successful year and the value of our portfolio increased by £4.2m. Development of St Pauls House, for nine apartments and over 7,000 square feet of commercial space, commenced in October 2021 and is anticipated to be completed in March 2023. Planning consent has been received to add 6 apartments to our property in Girdlestone Close in the Headington area of Oxford.

Lucy Developments saw sales increase during 2021 despite delays with material supplies. We continued to identify and evaluate potential acquisition sites which, whilst difficult in an increasingly challenging and competitive marketplace, are essential for our development pipeline which is core to meeting our growth strategy and will provide significant future value to the Group.

Our People

People are and will always be our most valuable asset and we will always put their health, safety, and well-being at the core of everything we do. In 2021 our management teams and members of our Health, Safety and HR teams worked tirelessly to ensure that we continued to operate in alignment to and in compliance with all Government guidance and requirements for Covid-19. Furthermore, they prepared, updated and communicated policies and procedures throughout the Group to safeguard our employees' well-being, including those working from home under the recently introduced hybrid working policy.

We understand the benefits of continuing to support professional and personal development with investment in training to enhance core skills, to strengthen our leadership teams, and to equip high performing individuals to contribute to the Group's future requirements and growth. We have commenced a major initiative to assess the Group's grading structure and its policies on reward and recognition; this will also underpin the identification and delivery of training and development. Our regular employee engagement survey, in partnership with an external specialist organisation, continues to build an understanding of our employees' views and enable any issues of concern to be addressed.

Recognition

I am delighted to report that the Lucy Group continues to feature in the 'Thames Valley 250', a listing of the Thames Valley's leading private companies, as the 31st largest private company by its most recently published turnover which reflects the continued hard work and commitment of all colleagues throughout the Group.

Corporate Responsibility and Sustainability

We take our corporate responsibility obligations seriously and fully recognise the societal benefits of operating in a more sustainable manner and in supporting local communities throughout our geographical footprint. During the year we introduced a Group Sustainability policy, details of which are found on the Group's website and in our inaugural sustainability report on page 20 and we will provide an update in each future Annual Report.

We firmly believe in supporting our local communities and in providing financial assistance to charities and life improving projects often proposed by our employees which, in 2021, included provision of laptops and tablet computers to schools to support pupil learning whilst at home during the pandemic.

Outlook

The exceptional performance in 2021 enables the Group to enter 2022 with renewed confidence that its core strategy of investment in new products, people and enabling infrastructure whilst maintaining strong overhead management and cost control is correct. Although headwinds from increasing commodity prices and inflationary pressures may well impact the Group's profitability in 2022, our strategy supports strategic investments and provides a solid foundation to capitalise on opportunities that may present themselves following the pandemic.

With regard to the conflict in Ukraine, our thoughts are with the innocent Ukrainian people who are experiencing unprecedented suffering. We have given a financial donation to support aid relief work. The immediate impact on the Group is one of higher costs while any medium to long term effects have yet to become clear.

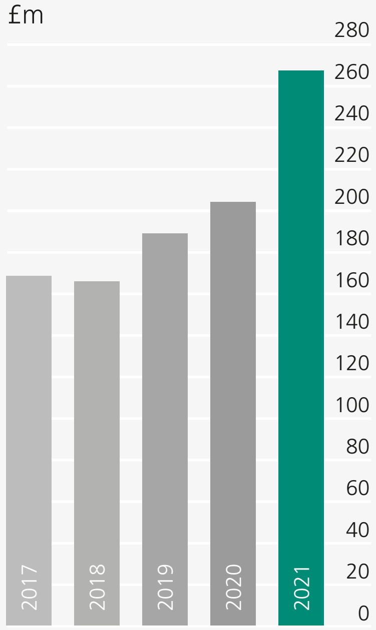
Richard Dick
Executive Chairman

22 March 2022

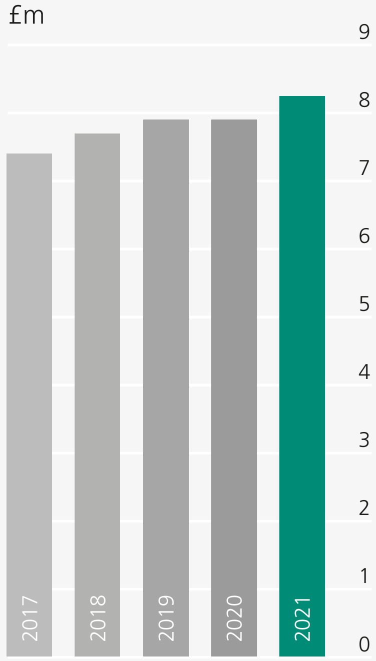
Financial Highlights

Measure	2021	2020
Turnover	£263.8m	£204.0m
Rental Income	£8.2m	£7.9m
Operating profit before net valuation gains on investment property	£39.5m	£26.0m
Operating profit after net valuation gains on investment property	£43.7m	£29.1m
Profit before tax	£42.2m	£27.1m
Total comprehensive income for the year	£39.5m	£16.0m
Net Assets	£238.4m	£201.4m
Earnings per share	6,403p	4,731p
Normalised dividends per share (paid and proposed)*	233p	215p

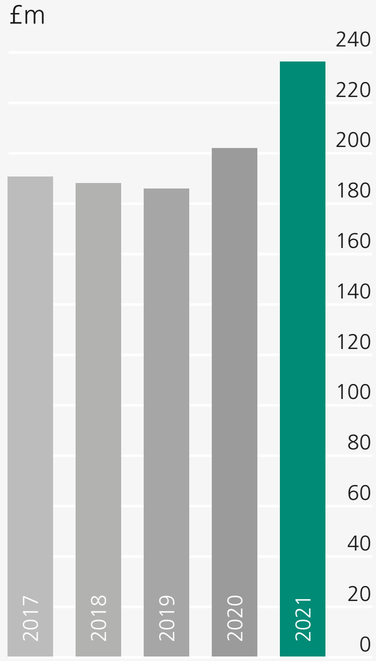
Turnover from continued operations
£m



Rental Income
£m



Net Assets
£m



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

Key Performance Indicators

Introduction

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

Financial KPIs	Reason for choice	Comments
Sales growth **29%** 8% 2020	Aligns with our growth strategy.	Sales growth exceeded plan and was supported by recent product introductions.
PBT growth **56%** 332% 2020	Profits generated by the business are a key indicator of our performance and key to our long term financial health.	Increased sales volumes and improved product mix, together with an increase in the property valuation, have produced significant growth, despite challenges in supply chains and increased commodity prices.
Return on Net Assets **18%** 13% 2020	We strive to produce positive returns across all businesses and use this measure to monitor how efficiently we are using our capital. Each business sector has differing asset profiles and returns are measured against an appropriate target for that sector.	Improved performance in our business units, predominantly Lucy Electric, has further increased returns this year. The Group's substantial investment property portfolio continues to provide a balanced risk profile with lower risk and accordingly lower returns.

Non-financial KPIs	Reason for choice	Comments
Occupancy rate for rental properties **98%** 98% 2020	The Group has a significant investment property portfolio and occupancy is a useful indicator for income and customer satisfaction.	Market conditions improved this year and whilst occupancy rates were again high they have yet to return to pre Covid-19 levels.
TCO_2e **19.7k** 17.1k 2020	We are committed to reducing our impact on the environment, as highlighted in the Corporate Responsibility section on page 18 Lucy Electric purchases sulphur hexafluoride (SF6), a greenhouse gas, for use in some of its products. As this is not consumed by the Company only loss during normal manufacturing process is included in this figure.	Changes to our carbon emissions reporting process implemented during 2021 are outlined in the Sustainability report on page 20. As part of our commitment to improvements in this area we have implemented 'E-Manage' carbon accounting software which has improved our measurement and resulted in a restatement of the prior year figure. The absolute figure has increased this year but intensity has improved, with sales volumes increasing by 29%.
Total Recordable Incident Rate (TRIR) **4.28** Injuries per 1,000 employees. 3.51 2020	The health and safety of our employees is of paramount importance and we have a proactive approach to monitoring and improving this across the Group. We have changed the measurement to the TRIR this year as part of our continual improvement and to enable industry benchmarking, as outlined in the Corporate Responsibility Statement on page 18.	Our health & safety team continue to work with management and employees in all locations to increase safety awareness and monthly accident reporting by location is undertaken and presented at Board Meetings.

Business Model & Strategy

Who we are

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

Our purpose

Improving people's lives - sustainable homes, smart lighting and intelligent power.

Our strategy

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

- Constantly seeking to improve and develop our products with success being measured by sales performance
- Our commitment to investing in research, development and education in order to create technology based solutions, delivered smartly by focusing on customer service and satisfaction levels
- Managing gross and net margins through efficient material sourcing, product manufacturing, stock management and cost control
- Maintaining the Group's financial strength by creating a strong asset base and secure financial structure

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

Our market focus

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

Our Values

“Wellbeing, supported through our values, is central to our business strategy because people are our greatest asset, and a happy and healthy workforce is vital to our business success”

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

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

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

Financial Review

The Group's exceptional performance in 2020 continued in 2021 with improved sales, profit before tax of £42.2m (2020: £27.1m), increased cashflow and net assets despite the impact of Covid-19, which provides the Group with firm foundations to assess strategic investments in support of opportunities within existing and new markets. Whilst we anticipate that the ongoing pandemic, increasing impact of rising commodity prices, supply chain issues and inflation will place further pressure on some of our core markets with reduced profitability in 2022, and into 2023 until pricing benefits from new contracts are realised, we expect demand and profitability to recover in line with our underlying long-term plans.

The Group's key performance indicators ('KPIs') on page 7 underline the Group's positive progress.

Covid-19

The Group's operations, like most businesses, continued to be impacted by the global pandemic and by resultant government actions which inhibited business activity. Within the UK, the Group has not participated in any of the UK Government's business support programmes during the year.

Revenue

Group sales for the year were a record £263.8m (2020: £204.0m), an increase of 29% on last year or 36% on an Organic Constant Currency (OCC) basis. Sales in the first half of the year were strong although sales in the second half were lower and below the equivalent period last year. Demand in certain markets continues to be adversely impacted by the continuing pandemic.

Rental income increased during the year by 3.1% to £8.2m and occupancy levels were unchanged. The annual passing rent of our portfolio now stands at £8.5m split 90:10 between residential and commercial tenancies.

Gross Margin

Gross margin at 30% remained unchanged compared to last year as higher volume, improved product mix and increased utilisation of the Groups' manufacturing facilities were offset by higher material input costs.

Material cost as the largest element of cost of sales, continues to be closely monitored with a combination of increased commodity prices, inflation and freight costs leading to higher input costs particularly during the second half of the year. Procurement savings and the ongoing value engineering programmes provided a partial offset against these increases.

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

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

Overheads

Overhead costs increased by 12% compared to 2020 and on an OCC basis they increased by 16% after excluding currency movements.

These cost increases reflect higher business activity, supply chain inflation and the return towards a more normal business environment despite the ongoing pandemic.

Product development programmes continue to be adversely impacted by the pandemic with internationally recognised European test stations having limited availability. No development expenditure has been recognised as an intangible asset this year.

Operating profit

The Group reported an operating profit before net valuation gains of £39.5m (2020: £26.0m) largely due to increased sales and a favourable product mix. There was a net valuation gain on the Group's investment property assets of £4.2m (2020: £3.2m) reflecting a stronger Oxford residential property market resulting in an operating profit after net valuation gains for the year of £43.7m (2020: £29.1m).

Profit before tax

Profit before tax for the year was £42.2m (2020: £27.1m) after charging net finance costs of £1.5m (2020: £2.0m) representing a year on year increase in profit before tax of 56%.

Taxation

The Group has an overall tax charge of £10.8m for the year, comprising a UK tax charge of £2.6m and an overseas tax charge of £1.6m. Deferred tax on the revaluation of investment properties was £1.2m for the year and there were £0.4m of other timing differences and allowances. Additionally, as mentioned in last year's report the UK government enacted legislation changing the long term corporation tax rate from 19% to 25% creating a deferred tax charge of £5.2m in the year.

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

Dividends

The Board recommends an increased final dividend of 140 pence per share, which taken together with the interim dividend of 93 pence per share gives a full year dividend of 233 pence per share (2020 normalised full year dividend: 215 pence per share) representing an 8% increase.

There were also two special dividends paid during the year of 125 pence per share and 150 pence per share relating to the Group's strong performance during 2020 and 2021 respectively.

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

Acquisitions

There were no business combinations in the year. The integration of Lawson Fuses was completed during the year following the end of the earn out period.

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

Cash Flow

The Group had a free cash inflow of £30.0m (2020: £14.9m) and £2.1m of borrowings were repaid during the year.

Operating cash flow before changes in working capital, interest and taxes was an inflow of £43.5m (2020: £29.0m) largely from an increase in operating profit.

Working capital increased by £5.4m (2020: £12.1m) and the value of inventory increased by £11.3m during the year. This increase in inventory was due to the growth in sales, higher material input prices, as well as the introduction of higher safety stock levels to mitigate against supply chain disruption. These changes were partly offset by a reduction in Lucy Real Estate's development inventory of £1.5m during the year. Lower sales in quarter four led to a decrease in receivables of £8.4m and payables and provisions decreased by £2.6m. There were no changes in the value of derivative financial instruments (2020: £0.8m outflow).

Interest was an outflow of £0.5m (2020: £0.6m) and tax payments increased to £3.8m (2020: £1.3m).

Investing activities at £3.7m (2020: £0.1m) increased as confidence returned following the curtailment in expenditure last year caused by the pandemic in order to preserve cash. Capital expenditure was £4.8m and proceeds from disposals of property, plant and equipment were £1.3m, largely from the sale of the former Lucy Castings site in Witney. There was a net purchase of quoted equities of £0.2m during the year (2020: £nil).

Capital commitments at the end of the year were £5.1m (2020: £0.5m) reflecting the St Paul's House development and plant and machinery investment.

Financial position

Group borrowing facilities were unchanged during the year at £43.0m, whilst actual borrowings decreased by £2.7m to £15.0m at 31st December 2021. The Group had net cash of £31.4m (2020: £3.2m) and net assets increased during the year by £37.1m to £238.4m.

The Group's financial metrics remain strong with gearing of 6% (2020: 9%) and interest costs covered 75 times (2020: 41 times).

Return on net assets

The Group recorded a return on net assets of 18% (2020: 13%) during the year.

Post-employment benefits

The Group accounts for post-employment benefits in accordance with IAS 19 Employee Benefits.

The balance sheet reflects the net deficit of the W Lucy defined benefit pension scheme in the UK as at 31st December 2021 based on the market value of assets at that date, and the valuation of liabilities using AA corporate bond yields adjusted to reflect the duration of the scheme's liabilities. This scheme was closed in 2002 to new entrants to reduce the risk of volatility of the Group's liabilities.

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

The separate IAS 19 valuation performed as at 31st December 2021 showed a substantial reduction in the Group's pension deficit of £9.0m to £2.9m. This improvement in the deficit resulted in an increase in the funding level from 84% to 96% during the year. The decrease in the Scheme's deficit was largely attributable to the assets outperforming their expected rate of return by £5.4m and a rise in bond yields during the year led to a higher discount rate than last year which decreased the value of the liabilities. The impact of the higher discount rate was partially offset by the increase in RPI inflation during the year leading to an actuarial gain of £2.4m. The change in the mortality projection assumption has led to lower assumed life expectancies. This has decreased the value of liabilities, leading to an actuarial gain of £0.8m due to changes in demographic assumptions, which served to decrease the deficit. Additional Company contributions above the charge to income and a modest gain from changes to the experience assumptions was responsible for the balance.

The related deferred tax asset decreased by £1.5m which resulted in a net pension liability of £2.2m at the end of the year. The amount of the deficit is sensitive to changes in the main financial assumptions, particularly the rate used to discount the liabilities (the discount rate). A change in the discount rate of 0.1% would increase/decrease the deficit by £1.1m.

The value of non-UK defined post-employment benefits was £1.3m (2020: £1.4m) at the end of the year.

International Financial Reporting Standards

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

Gary Ashton
Group Finance Director

22 March 2022

Business Overview
Lucy Electric

Vision
To be the leader in engineering intelligent switchgear solutions

Intelligent future-focused solutions

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

An international network of design, manufacture and supply channels allied to collaboration with specialist third parties, including Lucy Zodion for the development of electric vehicle infrastructure, enables Lucy Electric to provide innovative, flexible and value-adding solutions for our customers in a rapidly evolving marketplace.

A year of success in uncertain conditions

Despite undoubted challenges arising from the continuing impact of the Covid-19 pandemic throughout all of Lucy Electric's markets, the business and its employees rose to meet these head on with record sales and profitability and full year order intake substantially exceeding expectation.

The business achieved significant year on year sales growth of 26%, resulting in a material increase in profit before tax, although there were some regional variations with those performing above expectation offsetting those that experienced lower activity arising from the impact of Covid-19 restrictions and its economic and financial consequences. There was an increase in revenue generated by sales of our digital products, including smart ring main units and Gridkey monitoring technology which supports National Highways' capability to manage the road network efficiently and effectively. We also continued to focus on developing electric vehicle ("EV") and renewable energy markets with ring main units supplied for solar, wind and biomass projects in several countries and support for EV charging infrastructure in the UK. Additionally, steps were taken to broaden Lucy Electric's geographical and commercial footprint with the recruitment of sales resources in Argentina and Vietnam and work to establish a presence in the Australian market.

Whilst 2021 was undoubtedly a successful year for the business we started to see the impact of commodity price increases flowing through the supply chain with increased raw material costs impacting gross margins in the year which is expected to continue into and through 2022. Increased focus was also required from our procurement and logistics teams to manage the widely reported difficulties flowing from the effects of Covid-19 on global supply chains, which included reduced availability of semi-conductors, and resultant significantly higher freight costs.

Investment and development for the future

We recognise the benefits of investing in all aspects of our business, including product development, information systems, our business network and geographical footprint and, of course, our people. This enables Lucy Electric to meet the requirements of its diverse range of customers from a network of local offices throughout the territories in which we operate whilst supported by integrated manufacturing facilities and a professional head office.

Product development and innovation, underpinned by strong value-led engineering, remains a cornerstone of Lucy Electric's delivery of long-term sustainable revenue, margins and profitability. Our ongoing strategy is to review, develop and supplement our existing product range to meet the expectations of a rapidly evolving marketplace

1 Laser sheet metal cutting in Saudi Arabia
2 Energy services team on site in the UK
3 Energy services Double Side Break Disconnector installation in the UK

Making Networks Intelligent

and capture opportunities arising from a move towards net zero emissions and renewable sources of energy.

The business' extensive automation range and medium and low voltage monitoring portfolio will support utilities and independent power producers as they progress with development of smart networks, and we have deepened our collaboration with Lucy Zodion to identify and develop the significant commercial opportunities that are open to us, including those in electricity networks and electric vehicles sectors. There has been good progress on providing environmentally friendly alternatives to products that use sulphur hexafluoride ("SF6") gas with our engineering team supporting external testing of new non SF6 products with a view to bringing these to market in the near-term.

Furthermore, our commitment to a reduction in Lucy Electric's carbon footprint was underlined by the platinum carbon reduction certification awarded by Achilles under 'Carbon Reduce', the UK's only internationally accredited ISO14054-1 certification scheme. We are also proud to be a signatory and supporter of the British Electrotechnical and Allied Manufacturers Association's ("BEAMA") announcement on 11 October 2021 which committed the electrical manufacturing industry to industrial decarbonisation and sustainable product development and building a net zero electricity system by 2050.

Increased digitisation of our data enhances both its accuracy and quality and represents a central element of our strategic focus to seek continuous efficiency improvements and provide clear business insights. There has been continued investment and development of Lucy Electric's information systems to further improve our quality of management information, operational performance and information security. Further use of functionality within our Microsoft D365 management system has included automated workflows and reduced manual intervention in the sales forecasting and pipeline processes, together with development of augmented reality capabilities for remote delivery of service to our customers. Product life cycle management and design software applications were migrated to the 'cloud' thereby improving operating performance across our global operations and further products added in 2021 to the 'Tacton' product configuration software simplified commercial delivery and reduced engineering complexity. Further products will be added in 2022. We have also invested in technology for use by employees working from home due to pandemic restrictions and supported the recently launched project to pilot hybrid working arrangements.

Our People

We are immensely proud of the contribution that all members of the Lucy Electric team make to the business and fully recognise our responsibility to develop their skills and expertise, for both our employees' and the business' mutual benefit, and to provide a safe working environment, which during the pandemic is of paramount importance. Our continued investment in recruiting, developing and nurturing our talent is key to our future, particularly in a challenging labour market, and we are committed to the delivery of training and development programmes at all

levels throughout the organisation which is core to the recruitment and retention of key skills.

We have updated and communicated policies and protocols to reflect latest Government guidance to safeguard our employees' physical and mental wellbeing and ensure that our sites operate in a safe manner with technological solutions provided to support this wherever possible. The business endorses and supports covid vaccination programmes for colleagues throughout our local operations and, during 2021, commenced pilots for hybrid working arrangements in some of our office locations. Content champions have been appointed to share best practice throughout our locations and we value the feedback received from our externally facilitated employee engagement surveys which enables us to receive, recognise and address any issues that are identified.

4 Aegis 36kv vacuum interrupter assembly in Dubai
5 On-site meeting with National Highways' installation team
6 Sabre RMUs connecting first Biomass generation plant in Kenya

Business Overview
Lucy Controls

Lucy Controls comprises Lucy Zodion, the Group's leading street-lighting controls business, and Lawson Fuses, a long-established specialist in low voltage fuses and fuse holders.

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

Lawson Fuses is a widely recognised and respected brand with a portfolio of high quality HRC fuse products and established international markets and customer base. The strategy has been to develop profitable sales within existing and new markets by strengthening the management, broadening the product range, and improving production processes and efficiencies, with support from and collaboration with Lucy Zodion and Lucy Electric to identify market opportunities and supply chain benefits both in the UK and overseas.

Creation of a firm foundation

Throughout 2021 significant steps were taken to continue the turnaround and transformation of Lawson Fuses both in India and the UK which resulted in a successful year of sales growth notwithstanding the continued presence of Covid-19 and the UK site at Ponteland suffering extensive smoke damage following a fire in May. Whilst this potentially created a major disruption to our operational activities and noting that there is recovery and repair work still outstanding, the business, due to the outstanding commitment of our people, continued on a largely uninterrupted basis.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With increased focus on product development, continued investment to strengthen the management team, including recognition of the need for appointments to commercial, financial and technical roles, and, significantly, ASTA product certification for our Indian manufacturing unit we have made good progress to create a firm base from which to grow the Lawson Fuses' business. Projects have been undertaken to identify and deliver ongoing plant and process improvements; there has been significant investment in automated manufacturing processes and further engineering projects are planned to continue into 2022 to realise additional production efficiencies and support long-term sustainable value.

Product development for future growth

In recognition of the clear and substantial commercial opportunities available for products supporting renewable energy, sustainability and increasing carbon-neutral requirements, we have identified a new range of products to be added to our development pipeline and taken action to review and supplement our engineering team's skillset and expertise to support successful development and delivery. These products will be key to the business' future growth, and both support global plans for electricity infrastructure and electrification and attain benefits from evolving markets including those for electric vehicles.

The transformation of Lawson Fuses continues in line with our plans despite disruption during the year from the Covid-19 pandemic and smoke damage sustained at Ponteland. We firmly believe that the actions taken in 2021 will create a firm foundation for long-term value realisation and will provide a further update on progress in next year's Annual Report.


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1 Fuse production in Lawson Fuses' Ponteland facility
2 David Hood, General Manager, Lawson Fuses Ltd.
3 400/415 Industrial Fuse-Links, Type N&T
4 New Lawson Lucy India Private Limited management team

Constant innovation for a smarter tomorrow

Vision
To have our products on every street around the world

Commitment to supporting a connected world

We remain committed to the development of new products and systems for our customers that enable citywide connectivity and provide informed, clear and useful information whilst continuing to leverage value from our core, traditional products and markets, including electrical distribution pillars which are capable of supporting the growing electric vehicle charging market, photocells, isolators and software services for central management systems.

A challenging year

The continuing effects of the global pandemic adversely affected Lucy Zodion's 2021 performance with the business experiencing challenging trading conditions throughout the year largely due to the global shortage of semi-conductors, supply chain issues manifesting in raw material scarcity, transport delays and increased costs together with a lower customer demand arising from the impact of Covid-19. Continuing pressures on the business from the semi-conductor shortage are expected into and, potentially, throughout 2022 as are those that arise from the economic, financial and supply-chain consequences of Covid-19 on the business' markets.

Notwithstanding the commercial and operational difficulties encountered by the business, Lucy Zodion's Ki smart city product was installed and sold to projects in Aberdeen and Bradford and a scheme in Bedfordshire awarded in the second half of the year which provides renewed confidence for 2022. There were continued hardware sales for Lucy Zodion's Vizion intelligent street lighting product, which the business anticipates will be integrated into, its next generation Ki platform, and an increasing demand for electric vehicle ("EV") charging pillars.

Pipeline for the future

Despite the challenges faced in 2021, we have moved forward significantly on our plans to unlock the potential of Ki with a number of pilot schemes and a clearly defined project pipeline of deliverable opportunities in the UK, Europe and the Middle East. A refreshed and prioritised development programme aligned to and supportive of our current projects and pipeline for Ki will ensure that we remain focused on meeting customer requirements and limiting distraction from none specified functionality which will protect our value drivers.

We benefit from the ability to leverage Lucy Electric's international footprint and work with their sales teams to identify and deliver mutually beneficial opportunities for smart technologies. We have already seen benefits from this collaboration and anticipate that it will provide significant future value from the electricity networks and electric vehicle charging markets both in the UK and overseas.

Foundations for delivering value in 2022

Whilst it is clear that infrastructure projects have been delayed by the global pandemic there is a renewed importance of sustainability and a broadening environmental agenda for our customers, both in the public and private sectors, notably in the drive to de-carbonise transport and implement smart city networks to control, monitor, evaluate and analyse data to shape the development of cities and provide clean, safe and healthy environments for their inhabitants. A strong sales pipeline for Ki underlines the scale of opportunities available to the business with a renewed focus being on delivery of realisable project awards in 2022 and positioning of the business to capitalise on those over the longer-term.

Our clear strategic focus, supported by technical expertise and engineering capability will enable us to fulfil the commercial potential that will arise in a post pandemic, increasingly carbon neutral, world with our products able to provide customers the means to reduce their carbon footprint and energy costs. The growth in electric vehicles and resultant requirement for additional charging capacity both in the UK and internationally will provide significant market demand for electric vehicle charging pillars which we are well placed to meet.

5 Rooftop solar panels recently installed at Sowerby Bridge facility

6 Distribution panel assembly in Sowerby Bridge

7 EV charging installation for the Cattle Market, Bicester

Business Overview
Lucy Real Estate

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

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

Our strategy

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

Our core business

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

Building both long-term income and capital growth

Lucy Real Estate comprises two distinct and separate businesses; Lucy Properties is one of Oxford's largest private landlords, with an established reputation for high-quality residential lettings, whereas Lucy Developments focuses on building high-quality homes incorporating latest energy-efficient technology in prime locations throughout Oxfordshire. During the first half of 2021, following a strategic review in the second half of 2020, we withdrew from providing bespoke services to residents' management companies in order to focus on generating income and value from our rental portfolio and property development businesses.

Improved performance in a challenging year

Although Covid-19 continues to impact our activities, 2021 saw an improved position for Lucy Properties with rental income exceeding £8m, rent roll increasing to £8.5m and average rental increases achieving 2.9%. Improved occupancy rates, particularly from the second quarter of 2021, underlined the quality and attractiveness of our portfolio to tenants. In line with our expectations, and as signalled in last year's Annual Report, we are pleased to report that there was a significant increase in revenue generated by Lucy Developments from residential sales and a return to profitability.

Whilst there have been continued challenges arising from the impact of Covid-19 we have worked closely with our sub-contractors to mitigate its impact on our development sites and ensure that appropriate protocols and processes aligned to UK Government guidance and requirements are adhered to. Similarly, our maintenance teams ensure that the highest standards are in place throughout our rental portfolio and have followed, and continue to follow, stringent procedures designed to safeguard our tenants and colleagues from Covid-19.

Investing in our rental portfolio

We recognise the benefits of maintaining investment in our rental portfolio to ensure that we have high-quality properties available for our current and potential tenants and have throughout 2021 maintained our strategic philosophy and commitment to develop Lucy Properties' estate of high-quality well-maintained properties and continued the investment programme to refurbish and deliver improvements and upgrades across our existing portfolio.

Construction works for the redevelopment of St Pauls House, the former Jericho Health Centre in Walton Street, Oxford, commenced in October 2021 for nine new apartments and 7,000 square feet of commercial space with this due for completion in March 2023. It is our intention that St Pauls House will utilise a communal air source heat pump supplemented by additional solar panels mounted on the roof of the building which will provide a sustainable and renewable energy solution and, significantly, deliver a net zero carbon rating for the apartments. This represents a clear illustration of our recognition and intention to deliver, wherever practicable, sustainable energy solutions for our rental properties and a review of the portfolio is planned to commence in 2022.

1 Development under construction in Cumnor Hill, Oxford

Solid returns in uncertain markets




We remain clearly focused on meeting and exceeding our tenants' requirements and expectations with the provision of high-quality, well-maintained properties and provision of green space where possible and practical to do so, which is both beneficial to our tenants' wellbeing and underlines our commitment to sustainability and the environment which is increasingly important to all stakeholders.

Work has been undertaken to identify a specialist consultant and develop the scope for a dedicated business system for Lucy Real Estate which will represent a significant transformation of our data capture, data management and utilisation. It is anticipated that scope and selection will be finalised in 2022 with implementation of the project expected to commence in 2023. This will support the differing information requirements of both our rental and property development businesses and transform the data available to both, thereby improving operating efficiencies and enhancing information insights to support decision making, which will be key to future growth. Furthermore, working groups have been established to assess key strategic and operational issues for the business, including the system upgrade, sustainability, service delivery and delivery of procurement efficiencies.

A year of development progress

Following difficult working conditions in 2020 for our development team and the contractors who work at our development sites, the advent of vaccines for Covid-19, relaxation of Government guidance and strict adherence to detailed procedures implemented to safeguard those attending or working on site have enabled Lucy Developments to significantly progress its development projects, achieve a material uplift in residential sales and return to profitability. Our programmes have, nonetheless, been adversely affected by shortages, delays in availability of third-party professionals and materials, and increased costs of raw materials required for construction which we continue to monitor and mitigate wherever possible.

Sites completed during the year included those at Shiplake, Oxfordshire and Long Crendon, Buckinghamshire, where all units have been sold, and the substantial completion of two houses at Longworth, Oxfordshire with contracts having been exchanged for both. There are currently 5 sites under development and construction, including 15 and 70 Cumnor Hill, Oxford; Marsh Baldon in Oxfordshire and Tingewick in Buckinghamshire which are expected to contribute to a significant sales increase in 2022.

The market for consented sites at a competitive price, together with delays in the planning and appeals process, continues to be a key challenge for our property development team to secure commercially viable sites for our development property pipeline. We have, nonetheless, identified a number of sites that are being progressed, and others that remain under review, working with third parties where it is appropriate and beneficial to do so, to support our future development programme.

The business is committed to its strategy of delivering high-quality houses in sought after locations using traditional methods in a sustainable manner and will continue to incorporate the latest design features and energy efficient technology including, where appropriate, heat pumps and solar technology. The construction process will utilise superior materials and key professionals and subcontractors at all stages of the planning and construction process. Each site requiring planning consent will be carefully considered on its own merits and we will consider lodging appeals where we believe a planning decision is incorrect.

The construction of houses and apartments at a number of sites in 2022, and resultant uplift in residential sales, aligned with management focus on creating a seamless property development pipeline capable of delivering sales from 2023, together with benefits from implementation of a dedicated, leading-edge business system and actions to mitigate our construction costs will, we believe, enable Lucy Developments to deliver value in both the near and longer-term.

2 Mark Hilton, Construction Director, and Ian Ashcroft, CEO, Lucy Real Estate

3 Member of the Lucy Properties' maintenance team in one of our Oxford rental properties

4 Mark Hilton (left), Construction Director, on site

5 Halliday Lane develpoment, winner of 'Residential Development' award at the Thames Valley Property Awards

Corporate Responsibility

We recognise the potential impacts of the Group's activities on society, the environment, and the economy, as well as our workforce. Corporate and social responsibility (CSR) is fully integrated into our businesses and is underpinned by strong operating policies to ensure compliance with all applicable legislation. These aim to provide fair and objective treatment across recruitment and employment regardless of age, race, nationality, ethnic origin, disability, gender, sexual orientation, religious belief, and marital status.

Aimed at encouraging a more informed decision-making process, we measure our performance across 7 elements and 274 attributes within a CSR Scoring Matrix based on ISO 26000 Social Responsibility. Leading to an improved understanding of how decisions affect society, we can identify opportunities to advance our social responsibility while reducing legal risk.

Covid-19

During the Covid-19 pandemic, the health, safety and wellbeing of our employees has been our utmost priority. We have continued to monitor the situation in all our countries of operation to meet legislative compliance and implement the latest advice from health authorities. Detailed risk assessments, which are regularly reviewed, ensure suitable and sufficient control measures remain in place.

Health and Safety

We place health and safety at the centre of what we do with our aim to ensure our employees return home safe and well each day to their families, whether they work in offices, factories, or remote sites. Our commitment to health and safety is reflected in the comprehensive health and safety management systems with ISO 45001:2018 certification held in Lucy Zodion and our Lucy Electric locations in the UK, Dubai, India, Saudi Arabia and, more recently, Thailand.

Health & Safety targets are set annually with performance assessed by continually monitoring a combination of leading (proactive) and lagging (reactive) indicators. In 2021, we further developed our accident statistics analytics including Total Recordable Incident Rates (TRIR) per 1000 employees which we can now benchmark against other businesses within the industry. Continual improvement is achieved by reporting, classifying, and investigating all incidents to establish the root cause. Our TRIR for 2021 was 4.28 which, although higher than the prior year figure of 3.51, continues to be below the industry average. We are committed to reducing accidents in the workplace and continue developing our systems to ensure our employees health and safety.

Wellbeing

In 2021 we undertook an extensive audit and consultation to redefine the meaning and scope of health and wellbeing in our businesses and Group. The audit has flagged up our heritage as a socially responsible business, with a "caring culture." This is evident by our huge commitment to preserve jobs and livelihoods in an unprecedented global pandemic. Indeed, the business has shown remarkable resilience in an uncertain global commercial environment.

However, the audit has shown that we need to address risks that are likely to impact on our resilience and sustainability if we do not act soon. Specifically, we need to develop a more proactive and integrated approach to health and wellbeing, underpinned by a clear philosophy, aims and objectives. We have therefore captured these elements in a Lucy Group charter, which joins up the key drivers and determinants of health and wellbeing to provide a solid infrastructure and clear sense of direction.

Employee development

One of the Group's priorities for 2021 was recognising the importance of our employees' contributions to the Group by investing in their professional and personal development, while ensuring their health, safety, and wellbeing. We announced in Feb 2021 that Lucy Group would be providing access for all employees to a new e-learning resource,

1 LEMTI providing food for the elderly in India
2 Lucy Electric bed donation in India
3 Thailand vaccination drive
4 Lucy Real Estate team run the *Town and Gown* race in Oxford

LinkedIn Learning. This highlighted our strong commitment to providing employee development opportunities. As an addition to our traditional training methods, LinkedIn Learning has offered the potential for managers and employees to create bespoke development plans as part of the Performance & Development process. This has been a highly successful initiative, with over 500 employees completing 2,252 courses on the platform, amounting to 2,651 hours of training.

Supporting Local Communities

Our extensive CSR programme recognises our commitment to local communities by championing charitable, educational and health initiatives, providing employment opportunities and apprenticeships, while safeguarding the environment and nurturing biodiversity. Throughout 2021 we have successfully navigated the challenges presented by the on-going Covid-19 pandemic and supported 59 charities and participated in 117 activities. The success of our programme reflects the breadth and depth of our employees' contributions which are captured in our CSR newsletters three times a year. An overview of some of our achievements are below and are also highlighted by the images in the section:

- Fundraising and making donations for health-related projects and resources across all our locations.
- Vital work with local schools, supporting young people in education, work experience, scholarships, and assisting young people with technology needed to receive an education – particularly during lockdowns.
- Supporting youth organisations by providing essential equipment to support education.
- Running mental health awareness and virtual group events in the UK, Dubai, India and Thailand.
- Volunteering for environmental and biodiversity activities including tree planting in the UK, India and Thailand.
- Supporting charities and local community activities across all our locations.

5 Lucy Electric in Brazil celebrating 'best supplier' award from energy distributor CEMIG

6 Lucy Electric Saudi Arabia prepare and distribute food baskets to needy families

7 Supporting farmers in South Africa

8 Lucy Middle East and Lucy Switchgear FZE enthusiastically took part in the Education4all initiative

9 Dubai team building

Sustainability

Lucy Group is committed to a sustainable future and strongly advocates contributing positively to the needs of society, the environment, and the economy. Sustainability aligns with the Group's purpose, values, and overall strategy. It is embedded within our policies and management systems to provide a holistic approach in achieving continual improvement and is reflected in our internationally recognised standard certifications, including ISO 9001, 1400, and 45001.

Group Sustainability Policy and Strategy

During 2021, Lucy Group developed and published its Sustainability Policy and Strategy. This policy and strategy, building on Lucy Group's long heritage of contributing positively to the environment, society and the economy, provides a clear and cohesive framework going forward based on the United Nations Sustainable Development Goals (UN SDGs). The 17 UN SDGs were adopted by all UN member states in 2015 and have since been used by many leading companies and organisations as a clear and internationally recognised framework for sustainable practices and approach.

To provide focus and clarity, initially we have selected eight SDGs to particularly support (although many of the Group's activities also support the wider SDGs). We have based our approach to the SDGs on three principal areas: People, Planet and Progress.

Global Sustainability Reporting

As part of the Sustainability Policy, Lucy Group is committed to measuring and reporting on the SDGs both qualitatively and quantitatively. The Group has developed a reporting and disclosure framework, aligned to the Global Reporting Initiative (GRI), against which it will be reporting information from 2022 onwards.

Carbon Emissions Reporting and Reduction

Lucy Group recognises that global warming linked to greenhouse gas (GHG) emissions is a very significant threat to the environment, society and the economy. Lucy Group has been reporting its greenhouse gas emissions since 2019 but in 2021 we have gone a step further and committed to the internationally-accredited Carbon Reduce programme run by Achilles. We recognised the need to develop a plan that focuses explicitly on emissions reductions to meet the needs and expectations of our customers, employees, and communities. We have implemented Achilles' carbon accounting software (E-Manage) which will be used to verify outputs and identify data gaps to ensure our GHG inventory will meet or exceed the requirements for ISO14064-1:2018 certification and the GHG accounting protocol. Our aim is to gain full certification to the Carbon Reduce programme for all of Lucy Group's locations in 2022 and 2023.

Risk Management

Improving Risk Management to enhance stability and growth within the business

Risk Management philosophy

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

Continuous improvement in risk management practices

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

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

Embedding risk culture across the Group

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

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

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

Empowering our businesses to enhance their risk management frameworks

The individual entities management teams are responsible for defining and embedding the risk culture into their own operating businesses. They are also responsible for ensuring they understand the risks affecting their businesses and for ensuring their employees are suitably empowered to both identify and deal with these risks appropriately. They are also responsible for creating a culture that allows for an openness to allow wide ranging and difficult discussion to be had over the risks the businesses may face.

Assessment of risk

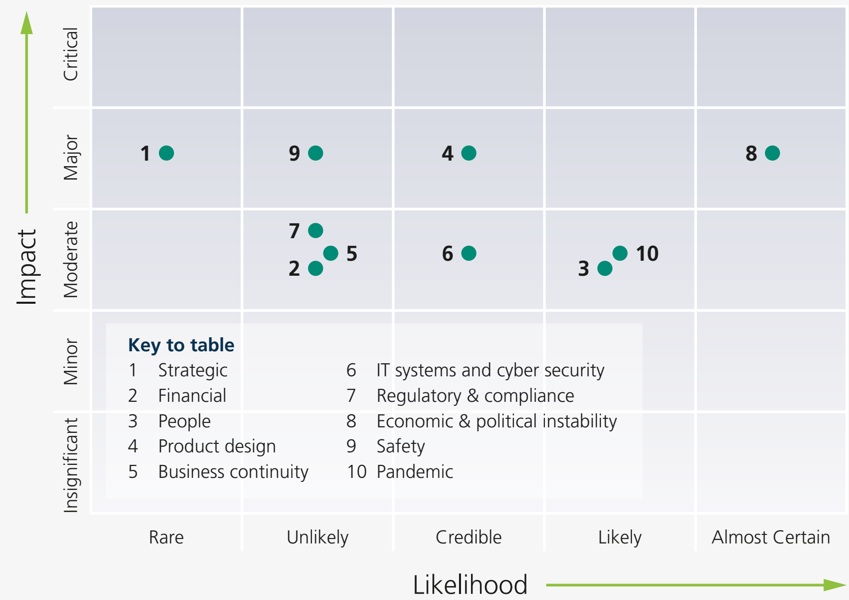
We consider a wide range of factors within risk management process both from a macro strategic point of view through to operational risks assessed within each business. We assess each risk identified for both likelihood and impact against a wide range of measures, including:

- Damage to the financial performance of the business
- Damage to reputation
- Production downtime
- Information security
- Employee morale
- Management time

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

Key business risks are currently identified as follows:

Principal Risks



Key to table

1 Strategic	6 IT systems and cyber security
2 Financial	7 Regulatory & compliance
3 People	8 Economic & political instability
4 Product design	9 Safety
5 Business continuity	10 Pandemic

Statement of Principal Risks and Uncertainties

Key business risks are currently identified as follows:

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

Risk and Impact	Mitigation / Controls
4. Product design	
The success of the Group depends on providing high quality products that meet our customers' needs. There are always inherent risks in the introduction of new technologies and the entry into new markets.	Executive Directors and senior management continually review product development programmes to ensure, as far as possible, that they will successfully meet business objectives and customer requirements. There is ongoing investment on designing and building innovative and sustainable products, applications, and services for the Group's markets.
5. Business continuity	
The Group is dependent upon the continued availability and integrity of its computer systems together with a number of differing stakeholders to ensure continuation of the business. Any prolonged interruption caused by key suppliers, political unrest or systems interruption could affect the continued trade of a business unit. As the world economies bounce back post Covid-19 the speed of opening up of differing markets and facilities may lead to interruption within our supply chain and may impact upon our ability to satisfy customer demand.	The Group has developed business continuity, disaster recovery and crisis plans which it continues to appraise, test and refine. A senior executive is responsible for the IT systems with a suitably qualified team ensuring that systems and the IT environment remain resilient. The Group seeks ways to develop and extend its supplier base so as to reduce any over reliance on specific suppliers of products and services and to improve competitiveness. The Group works closely with all its suppliers to understand potential issues ahead of time to allow the business to continue to produce the goods required by our customers. Management continues to monitor the political situation across the globe and can invoke appropriate contingency plans if required.
6. IT Systems and Cyber security	
A third party may seek to disrupt business through either external attacks to disrupt our systems, or seek to steal IP or sensitive data from us. Significant prolonged outages of core systems may affect the efficiency of the business operations.	We use various system protections to reduce the threat from third parties with ongoing assessment and analysis of risks and remediation that could be taken to mitigate such potential risks. The Group IT team is made up of high quality trained individuals tasked with ensuring systems resilience and ongoing investment to prevent obsolescence within our key operating systems. All our employees receive regular information security training which is regularly assessed and developed to ensure that it remains relevant and appropriate. Systems security policies and procedures are embedded within the business.

Risk and Impact	Mitigation / Controls
7. Regulatory and Compliance	
Censure from government or regulators for non-compliance with international and local laws and regulation. Failure of internal control process leads to financial losses. Failure to respond to significant changes in legislation or regulations leaves the company exposed to censure, or obsolete product or services within its portfolio.	The Group has core policies and procedures in place to address compliance risk. We continue to assess all relevant regulatory developments and review our internal processes, policies and training programmes to ensure that we both mitigate risks and meet evolving compliance requirements. Group management gains assurance on regulatory compliance from all subsidiary management boards annually. We work with both internal and external stakeholders to ensure they abide by our code of conduct and complete due diligence over our key external stakeholders. Management across the business monitor prospective changes to legislation or regulations and make the necessary changes to either control environment or our product design to meet new requirements.
8. Economic and political instability	
Some governments around the world face domestic pressures to support localisation of goods and have put into place increasingly protectionist measures which may prevent access to their markets. Governments and central bankers within developed nations are now dealing with an inflationary risk that has not been prevalent within developed economies in recent memory, and policies to deal with these threats, and impact upon pricing of raw materials, goods and services. Friction between NATO and Russia has led to sanctions imposed against Russia, and in the short term this may lead to distortions within the markets for raw materials as well as exacerbating inflationary pressures. Prolonged confrontation over the current conflict may also see more proxy wars in other regions, or significant cyber attacks on key infrastructure which could impact upon core parts of our infrastructure business and customer resilience. The outcome of the Ukrainian conflict may embolden other regimes to enter into conflicts, or proxy conflicts and undertake significant cyber attacks on key infrastructure within other countries. The world remains, in parts, politically unstable which may affect aspects of the business or impact on employees working or travelling in politically unstable countries.	Management continue to monitor both the political and financial events within key markets, and adjust strategy accordingly. Management constantly review the prevailing sanction regimes across the globe and ensure that they comply with all relevant sanctions. Management teams keep a firm watch over input costs and adjust sales pricing as required. The business has business continuity plans in place should one of our facilities become unavailable for a prolonged period of time. Management teams continue to work towards opening up new markets to diversify risk, and review our longer term strategy to ensure we are not precluded from any key markets for our products and services. Prior to travel by any employees in high risk countries, risk assessments are undertaken to manage, mitigate and, where possible, eliminate risks associated with political instability and/or terrorist activity.

Risk and Impact	Mitigation / Controls
9. Safety	
Some of our colleagues work within a high risk industry, and travel extensively across the globe. Our products are used in the distribution of electricity which has its own inherent risks to both our employees and members of the public.	The Group has a health and safety policy, procedures and training in place across all sites. Health and safety experts are employed throughout the Group. Relevant employees are provided with personal protective equipment, and other equipment appropriate for the environments they work in. We have engineers that work on third party sites, our engineers hold the requisite qualifications for the work they undertake in what can be a dangerous environment, and they undertake full risk assessment prior to commencing work, and following the health and safety guidelines for the environments which they work in. The Board receives and reviews regular health and safety reports which include results from audits, near misses and accidents from all businesses. Near misses and adverse events are monitored to ensure that we continue to improve the safety environment for all our stakeholders. We continue to ensure our products comply with relevant safety requirements and provide a safe working environment for our employees, customers and the wider general public. We vet our sub-contractors to ensure that they meet relevant health and safety requirements. Risk assessments are undertaken prior to travel by any employee in high risk countries.
10. Pandemic	
The Covid-19 pandemic appears to be easing in most regions, however until a wider vaccination program is in place across the globe, or herd immunity builds naturally then there may need for further restrictions. More variants of Covid-19 may also emerge making it necessary for differing jurisdictions to either continue the restrictions they currently have in place or impose further restrictions The threat of other global pandemics from other as yet unknown viruses or diseases may impact the globe in a similar, or more severe fashion than COVID 19. Governments may choose to use similar non medical interventions to control future pandemics which may lead to more lockdowns and interruption of the global economy.	Support of all our employees to ensure that we work to best available guidance to provide our employees with a safe working environment to help ensure work can continue where possible, in line with local laws and regulations. Initiation of updated business continuity plans reflecting lessons learned from initial lockdowns, including review of the supply chain, and reappraisal of safety stock levels to try and minimise disruption. Management teams continue to work with customers to understand their needs even when there are restrictions and constraints in place, and businesses practices are to be able to service our customers with the current forms of restrictions in place. Some of our businesses are providing key infrastructure products, so we work with governments and local authorities to ensure that we can continue to manufacture with appropriate controls in place to help us to continue to meet demand for our goods and services, whilst protecting our employees and our key stakeholders.

Corporate Governance

Guiding Principle

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

The Board of Directors

The Board of Directors comprising the Chairman, three other executive directors and two non-executive directors has a duty to promote the long-term success of the Company for its shareholders. It is responsible for major policy decisions and for setting and promoting the Group's purpose, ensuring that its values, strategy and culture align with that purpose, whilst delegating more detailed matters to its committees and the Executive Directors. It is responsible for the Group's system of internal control and for monitoring implementation of its policies.

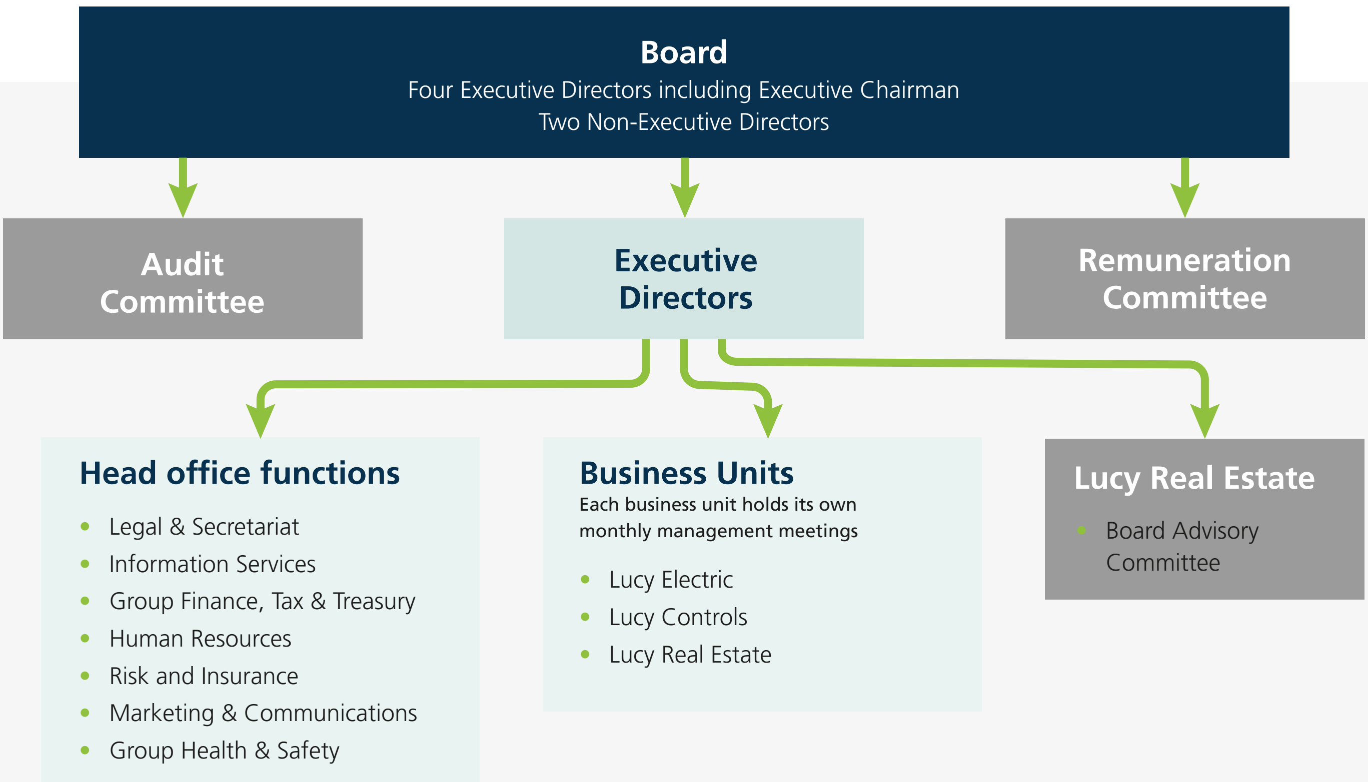
All Directors have access to the advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Board Committees

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

The Audit Committee which comprises a Non-Executive Director, who chairs the Committee, and an external independent member, meets at least twice a year with the Group Finance Director and the Company Secretary. Senior management, the external auditors and the Head of Internal Audit are invited to attend for specific items on the Audit Committee's agenda. The Committee reviews the systems of internal control and receives reports from both the internal and external auditors on the effectiveness of those controls and recommendations for their improvement. The Committee has oversight of significant risk issues in the Group and makes recommendations to the Board. The Committee also considers financial reporting and reviews the Group's accounting policies in line with major accounting issues of a subjective nature that have been discussed and considered by the Committee. The Committee considers the development of the Group's key governance policies and procedures and manages, with the support of the Head of Internal Audit, the internal audit process.

Governance Framework



The Remuneration Committee comprises one Non-Executive Director and the Executive Chairman, with its primary objective to review and set a competitive level of remuneration for the Executive Directors aligned to the Group's long-term success. Fees for non-executive directors are set by the Executive Directors who in doing so consider roles, responsibilities, including where a non-executive chairs a committee, and time commitment.

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

Information and Development

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

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

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

At Board meetings:

- The Executive Chairman presents an update on the business issues across the Group
- The Group Finance Director presents a detailed analysis on financial performance
- The Executive Director responsible for people issues provides an update on those issues across the Group for the Board's review
- The Executive Director responsible for Health and Safety provides an update and reports on Health and Safety matters.
- Business unit heads and other senior managers attend relevant parts of Board meetings to make presentations, and receive questions, on their area of responsibility and provide updates on developments and changes to the business
- Updates are provided on risk, crisis and reputation management and key regulatory, contractual and legal issues that affect the Group
- The Directors monitor and review the Group's medium and longer-term strategy

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

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

Board Meeting dates 2021

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

In addition to strategic matters being considered at each Board Meeting, the Board meets annually to review the Group's medium and longer-term strategy and agree priorities for the forthcoming financial year.

Internal Control and Risk Management

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

The Board considers that the Group's systems and controls, which have been developed and refined over the years, are appropriately designed to ensure that the Group's exposure to significant risks is properly managed. In reviewing the effectiveness of internal controls, the Directors have considered the key risks and exposures within the Group. The Group's Principal Risks and Uncertainties are disclosed on pages 22 to 25 which identify mitigating actions designed to control and minimise their impact.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss. There is ongoing review of the Group's systems and controls, which are periodically assessed against market best practice, and internal processes are monitored to ensure adherence to these controls.

The Board holds regular meetings where it approves major decisions, including significant items of capital expenditure, investments, treasury and dividend policy.

The Board is responsible for approving annual Group budgets. Performance against budget is reported to the Board and substantial variances investigated. Forecasts are prepared each quarter and reviewed by the Board.

In addition, there is open and frequent discussion and detailed information is provided to Non-Executive Directors for their review and challenge.

The Company has a formal Whistleblowing Policy in place through which employees can raise genuine concerns of possible wrongdoing, in confidence, to the Company Secretary. In the event that possible wrongdoing is raised by an employee, or is discovered by any other means, a full investigation is carried out and appropriate remedial steps taken to address any findings that are identified.

External Auditors

Wenn Townsend have reported to the Audit Committee that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements, and the objectivity of the audit engagement partner and audit staff is not impaired. The Audit Committee has reviewed this statement and concurs with its conclusion. In accordance with Group policy the lead audit partner was rotated four years ago to maintain an appropriate degree of rigour and independence and this rotation will continue to occur periodically.

Going Concern

The Directors report that, having reviewed current performance and forecasts, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the accounts.

Relations with Shareholders

Maintaining a dialogue with and promoting the interests of shareholders remains a key priority of the Board. The Board is accountable to shareholders for the performance and activities of the Group.

The Board communicates with its shareholders in respect of the Group's business activities through its Annual Report and Accounts, its half-yearly announcement and at other times when it is appropriate to do so. The Company makes constructive use of its Annual General Meeting, and shareholders attending the meeting have an opportunity to ask questions or represent their views at the meeting.

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

Development of the Group's Corporate Governance Arrangements

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

During 2021, the Board has maintained its commitment to review and develop key governance policies and procedures, with these including the implementation of an updated global Anti-Bribery, Anti-Corruption and Financial Crimes policy, the review and updating of the Treasury Policy, the enhancement of our contract management risk processes, accompanied by the continued development of our purchasing governance framework, to support the highest level of ethical behaviour throughout the Group.

Whilst the Group is not currently required to comply with "The Wates Corporate Governance Principles for Large Private Companies" ("Wates Principles") the Board supports and endorses the six Wates Principles comprising purpose and leadership; Board composition; Director responsibilities; opportunity and risk; remuneration; and stakeholder relationships and engagement and seeks to use these as a framework against which it can measure the Group's governance maturity and evolution. The continued progress of the Group's governance arrangements will be reported in the next Annual Report.

By order of the Board

Madeline Laxton
Company Secretary

22 March 2022

Board of Directors

Richard Dick
Executive Chairman

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

Gary Ashton
Group Finance Director

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

Madeline Laxton
Executive Director & Company Secretary

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

Jonathan Finch-Dick
Executive Director

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

Pippa Latham
Non-Executive Director

Appointed to the Board on 1 June 2013. Chair of the Audit and Remuneration Committee.

Richard Dobbs
Non-Executive Director

Appointed to the Board on 1 July 2020.

Balance of Directors

Females **2**
Males **4**

Executive Directors **4**
Non-Executive Directors **2**

Report of the Directors

The Directors present their report on the affairs of the Group, together with the audited accounts for the year ended 31 December 2021.

Directors

The present membership of the Board is set out on page 29. Mrs PAJ Latham, who retires by rotation, will be seeking re-election by shareholders at the 2022 Annual General Meeting.

Financial results

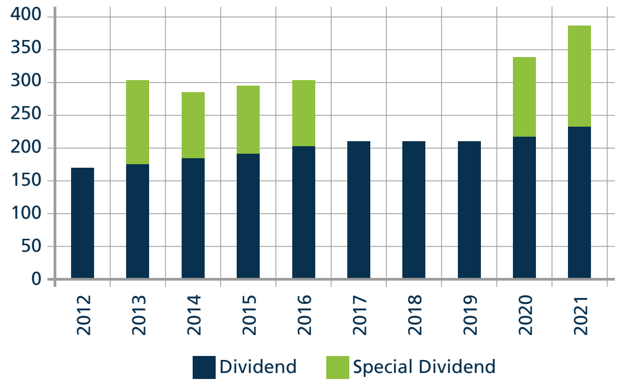
The financial results can be found in the Consolidated Accounts and Parent Company Accounts sections of this report.

Dividends

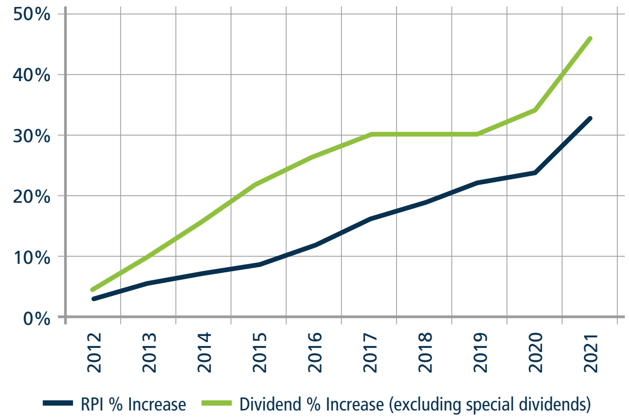
The Board recommends a final dividend of 140p per share which, taken together with an interim dividend of 93p per share, gives a payment of 233p per share for 2021. This dividend will be payable on 5th May 2022, subject to shareholder approval at the Annual General Meeting to be held on 26th April 2022, to shareholders on the register on 31st March 2022. There were two special dividends of 125p and 150p per share paid to shareholders on 24th June and 8th December 2021 with the former reflecting our performance in 2020 and the latter for 2021's results.

The following charts show dividend payments paid and proposed over the last 10 years. The 2019, 2020 and 2021 dividend numbers have been normalised to remove the impact caused by the Covid-19 pandemic on the timing of dividend payments.

Dividends paid and proposed



Dividends paid and proposed RPI vs Dividend YoY Growth



Investment Property

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

Property occupied by the Group

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

Future Developments and Events since the Balance Sheet date

No significant events have occurred since the year end.

Employee Policies and Engagement

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

The Directors seek to promote an inclusive workplace in which individuals feel they are respected, valued and have an equal opportunity to progress. As such, employment policies are designed to respect employees' human rights, ensure equal opportunity and promote diversity. Employees are actively encouraged to undertake relevant training and to develop their careers. Performance reviews are also conducted with individual employees. The Group remains supportive of the employment and advancement of disabled persons.

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

Business Relationships

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

Health and Safety

The Group is committed to health and safety best practice as an integral part of its business activities. Good health and safety management safeguards our employees and those who may be affected by our activities and supports the Group in achieving its business objectives.

Corporate Governance

The Corporate Governance Report is on pages 26 to 28. The Board sets the tone for the way in which the Group operates and is committed to running the business in a responsible way. The Board considers current performance, strategy and acquisitions, risk management and internal controls throughout the year. The executive management disseminates the values and standards of the Board throughout the Group.

Research and Development

The Group's policy is to invest in innovation and development at a level that ensures it retains and enhances its market position.

Greenhouse gas emissions and Energy Consumption

Information on greenhouse gas emissions and energy consumption is set out in the Key Performance Indicators on page 7. For compliance purposes we are required to disclose the greenhouse gas emissions of Lucy Electric UK Ltd (LEUK), a UK subsidiary which is a large company. The emissions were 1,728 t CO_2e in 2021 and energy consumed was 797,400 kwh. This equates to 14 kwh/£k sales. This includes scope 1 (direct), Scope 2 (Energy Indirect) and Scope 3 (Other Indirect) figures and includes Lucy Electric EMS employees based at the LEUK Thame facility. Measures are being taken to reduce these and LEUK attained platinum certification in the Carbon Reduce certification having measured its greenhouse gas emissions in accordance with ISO 14064-1:2006 recording a 29% reduction in scope 1, 2 & 3 emissions intensity over the past 10 years.

Covid-19

The Group has received no financial support under any UK Government scheme during the year.

Financial Instruments

For information on the Group's use of financial instruments, including financial risk management, objectives and policies of the Group, and the exposure of the Group to certain financial risks see note 27 on page 69.

Donations

Total charitable donations during the year were £73.8k (2020: £65.3k). These comprised £33.8k for community projects (2020: £37.0k), £9.4k for educational projects (2020: £1.4k) and £30.6k for other projects (2020: £26.9k). No political contributions were made (2020: Nil).

Close Company Provisions

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

Directors' Liability Insurance

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

Disclosure of Information to Auditors

In so far as the Directors are aware:

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

External Auditor

Wenn Townsend have expressed their willingness to continue in office as Auditor of the Company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment will be put to the members at the 2022 Annual General Meeting.

By order of the Board

Madeline Laxton
Company Secretary

22 March 2022

Relations with Stakeholders

The Board sets the Group's strategic direction and manages its operational performance in the way most likely to promote its long-term success for the benefit of its members. 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 during 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 endeavour to maintain shareholder buy-in to and support for 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, including, where supported by demonstrable and exceptional performance, the payment of special 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 underpinned by the commitment and delivery of our strategy by our workforce and its consistent demonstration, adherence to and development of, our values. To maintain competitive advantage and meet the evolving demands of the environment in which we operate, we need a workforce which is adaptive, flexible and whose skill base constantly develops to meet market challenges. We also value employees with long term practical experiences. We engage with our employees through one to ones, team meetings and surveys to ensure that we are fostering an environment that they are happy to work in and that best supports their wellbeing. We invest in our workforce as we believe that training benefits the individual and the Group and that such investment helps to motivate and retain our employees and reduce absenteeism and turnover rates.

  Our ongoing response to the challenges arising from the impact of Covid-19 on the workplace and our employees has included regular meetings of senior management teams and Health and Safety and HR representatives to review and develop actions and specific initiatives, including the adoption, where appropriate, of hybrid working and communications to safeguard our employees' physical and mental well-being, which is of paramount importance. Changes in Government guidance has been monitored, followed and any necessary steps implemented both in office and factory environments to minimise risks to employees.
- *Lenders:* Continued access to external funding is important to the long-term success of our business. Ongoing engagement with the Group's lenders is therefore required to ensure that there is adequate funding available both for the Group's continuing operational needs and for longer-term strategic development.
- *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 consistent and continuous engagement with our customers to ensure that both our current products and those in development are fit for purpose.
- *Suppliers:* Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves and comply with regulatory requirements.

  The Group relies on its supplier base to deliver products on time and to the specified quality and standard. It is important to mitigate against supply chain risk to prevent interruptions to manufacturing or product delivery schedules which could impact our relationships with customers.
- *Pension:* The Group has to fund its defined benefit pension scheme and ensure that sufficient contributions are made to meet outstanding liabilities as they fall due. We recognise the long-term importance of all our pension arrangements for our employees and that ongoing engagement with trustees and professional advisors is mutually beneficial for the Group and members of our pension schemes.
- *Communities and Environment:* Doing business responsibly brings benefits for wider society and assists our commercial success. Details of our community engagement, and actions to promote sustainability, are disclosed in the Corporate Responsibility and Sustainability sections of the Strategic Report.
- *Regulatory Bodies and Trade Associations:* We recognise that the Group operates in an environment which can be impacted by regulatory changes and engage with regulators and trade associations to assist with our compliance framework, training and new product development. This assists with the development of the Group's strategic direction.

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

Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and the profit or loss of the Group and Parent Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether international accounting standards, in conformity with the requirements of the Companies Act 2006, have been followed subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in international accounting standards, in conformity with the requirements of the Companies Act 2006, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless they consider that to be inappropriate.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities Statement

We confirm to the best of our knowledge that;

a) the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and results of the Group;

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

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

On behalf of the Board

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

22 March 2022

Independent Auditors' Report to the Shareholders of Lucy Group Ltd

Opinion

We have audited the financial statements of Lucy Group Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Group and Parent Company Statements of Financial Position, the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows, the Group and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS101 'Reduced Disclosure Framework'.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021, and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act

2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for

This description forms part of our auditor's report.

Use of our report

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

Ajay Bahl, BA BFP FCA
(Senior Statutory Auditor)

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

30 St. Giles
Oxford
OX1 3LE

22 March 2022

Consolidated Income Statement
for the year ended 31st December 2021

	Note	2021	2020
Continuing operations		£000	£000
Revenue	3	**263,786**	**203,989**
Cost of sales		(185,068)	(143,808)
Gross profit		**78,718**	**60,181**
Selling and distribution costs		(26,726)	(23,512)
Administrative expenses		(12,231)	(11,507)
Research and development costs		(5,815)	(5,058)
Other operating income/expenses		5,566	5,867
Operating profit before net valuation gains on investment property	4	**39,512**	**25,971**
Net valuation gains on investment property		4,213	3,161
Operating profit after net valuation gains on investment property		**43,725**	**29,132**
Finance income	6	79	149
Finance costs	6	(1,593)	(2,139)
Profit before taxation		**42,211**	**27,142**
Tax expense	7	(10,833)	(4,757)
Profit from continuing operations		**31,378**	**22,385**
Profit from discontinued operations	10	-	583
Profit for the year		**31,378**	**22,968**
Dividends	9	(2,435)	(1,028)
Retained profit for the year		**28,943**	**21,940**
Profit / (loss) for the year attributable to:			
Non-controlling interest		(115)	(303)
Owners of the parent		29,058	22,243
		28,943	**21,940**
Earnings per share	8	**6,403p**	**4,731p**

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2021

	2021	2020
	£000	£000
Profit for the year	**31,378**	**22,968**
Other comprehensive income:		
Items that will not be reclassified subsequently to the Income Statement:		
Remeasurement of UK defined benefit pension scheme	8,874	(5,888)
Taxation relating to remeasurement of UK pension scheme	(1,505)	960
Remeasurement of non-UK employee benefit schemes	222	(438)
Taxation relating to remeasurement of non-UK employee benefit schemes	(43)	88
Fair value change in fixed assets transferred to investment properties	-	66
Items that will subsequently be reclassified to the Income Statement:		
Currency translation differences	314	(1,901)
Gain on revaluation of available for sale investments	249	126
Total comprehensive income for the year, net of tax	**39,489**	**15,981**
Total comprehensive income for the year attributable to:		
Non-controlling interest	(115)	(303)
Owners of the parent	39,604	16,284
	39,489	**15,981**
Total comprehensive income for the year attributable to owners of the parent arises from:		
Continuing operations	39,604	15,701
Discontinued operations	-	583
	39,604	**16,284**

Consolidated Statement of Financial Position

as at 31st December 2021

	Note	2021	2020
		£000	£000
Assets			
Non-current assets			
Goodwill	11	2,775	2,775
Other intangible assets	12	1,001	1,257
Property, plant and equipment	13	27,234	27,752
Investment property	14	158,570	153,991
Other long-term financial assets	16	2,481	1,950
Deferred tax assets	19	1,027	1,028
Other receivables	19	2,561	702
Non-current assets		**195,649**	**189,455**
Current assets			
Inventories	18	67,128	55,853
Trade and other receivables	19	44,967	55,642
Derivative financial instruments	20	-	22
Cash and cash equivalents		46,389	20,872
Current assets		**158,484**	**132,389**
Total assets		**354,133**	**321,844**
Liabilities			
Non-current liabilities			
Provisions	21	11,802	11,291
Pension and other employee obligations	25	2,178	9,633
Borrowings	26	14,959	17,659
Other payables	23	5,181	5,098
Deferred tax liabilities	24	23,209	16,876
Other liabilities	23	2,055	2,597
Non-current liabilities		**59,384**	**63,154**

	Note	2021	2020
		£000	£000
Current liabilities			
Trade and other payables	22	51,344	50,088
Current tax liabilities	22	4,995	7,228
Derivative financial instruments	20	-	18
Current liabilities		**56,339**	**57,334**
Total liabilities		**115,723**	**120,488**
Net assets		**238,410**	**201,356**
Equity			
Share capital	28	492	492
Other reserves	29	(3,516)	(3,830)
Profit and loss account	29	241,787	204,954
Equity attributable to owners of the parent		**238,763**	**201,616**
Non-controlling interest		(353)	(260)
Total equity		**238,410**	**201,356**

Approved by the Board of Directors on 22 March 2022 and signed on its behalf

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

Consolidated Statement of Cash Flows

for the year ended 31st December 2021

	2021	2020
	£000	£000
Cash flows from operating activities		
Operating profit before net valuation gains on investment property	39,717	26,548
Depreciation and amortisation	5,437	6,172
Other expense	(1,709)	(2,099)
Currency revaluation	11	(1,582)
Operating cash flow before changes in working capital, interest and taxes	**43,456**	**29,039**
Increase in inventories	(11,275)	(13,295)
Decrease / (increase) in trade and other receivables	8,431	(9,924)
(Decrease) / Increase in trade and other payables	(3,076)	11,759
Increase in provisions	511	125
Change in derivative financial instruments	4	(760)
Cash generated from operating activities	**38,051**	**16,944**
Interest received	29	38
Interest paid	(519)	(623)
Tax paid	(3,789)	(1,275)
Net cash from operating activities	**33,772**	**15,084**
Investing activities		
Capital Expenditure	(4,765)	(1,657)
Proceeds from disposal of property, plant and equipment	1,283	1,542
Proceeds from disposal and redemption of non-derivative financial assets	606	170
Purchase of non-derivative financial assets	(854)	(201)
Net cash used in investing activities	**(3,730)**	**(146)**
Free cash flow	**30,042**	**14,938**
Financing activities		
Cash outflow from borrowings	(2,090)	(10,687)
Dividends paid	(2,435)	(1,028)
Net cash used in financing activities	(4,525)	(11,715)
Net change in cash and cash equivalents	**25,517**	**3,223**
Cash and cash equivalents, beginning of year	20,872	17,649
Cash and cash equivalents, end of year	**46,389**	**20,872**
Cash flows of discontinued operations	**(194)**	**(242)**

Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	Share capital	Capital reserve	Currency reserve	Retained earnings	Attributable to owners of parent	Non controlling interests	Total
	£000	£000	£000	£000	£000	£000	£000
At 1st January, 2021	**492**	**3**	**(3,833)**	**204,954**	**201,616**	**(260)**	**201,356**
Opening balance adjustment	-	-	-	(22)	(22)	22	-
Profit for the year	**-**	**-**	**-**	**31,493**	**31,493**	**(115)**	**31,378**
Other comprehensive income							
Foreign currency translation	-	-	314	-	314	-	314
Gain on revaluation of available for sale investments	-	-	-	249	249	-	249
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	7,548	7,548	-	7,548
Total comprehensive income	**-**	**-**	**314**	**39,290**	**39,604**	**(115)**	**39,489**
Dividends	-	-	-	(2,435)	(2,435)	-	(2,435)
At 31st December, 2021	**492**	**3**	**(3,519)**	**241,787**	**238,763**	**(353)**	**238,410**
At 1st January, 2020	**492**	**3**	**(1,932)**	**187,862**	**186,425**	**55**	**186,480**
Opening balance adjustments	-	-	-	(65)	(65)	(12)	(77)
Profit for the year	**-**	**-**	**-**	**23,271**	**23,271**	**(303)**	**22,968**
Other comprehensive income							
Foreign currency translation	-	-	(1,901)	-	(1,901)	-	(1,901)
Gain on revaluation of available for sale investments	-	-	-	126	126	-	126
Fair value change in fixed assets	-	-	-	66	66	-	66
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	(5,278)	(5,278)	-	(5,278)
Total comprehensive income	**-**	**-**	**(1,901)**	**18,185**	**16,284**	**(303)**	**15,981**
Dividends	-	-	-	(1,028)	(1,028)	-	(1,028)
At 31st December, 2020	**492**	**3**	**(3,833)**	**204,954**	**201,616**	**(260)**	**201,356**

Principal Accounting Policies

Basis of preparation

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

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

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

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2021. Subsidiaries are entities controlled by the Group. Subsidiary companies that have an accounting reporting date other than 31 December prepare additional financial statements to 31 December for consolidation purposes. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used in line with those used in the Group. All transactions and balances between Group companies are eliminated on consolidation.

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

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

Foreign currency translation

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

Overseas companies' profits, losses and cash flows are translated at average exchange rates for the year, and assets and liabilities at rates ruling at the balance sheet date. Exchange differences arising on foreign currency net investments are taken to reserves. Exchange differences arising in the normal course of trading are taken to the income statement.

Revenue

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

Product sales:

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

Services and consultancy sales:

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

Long-term projects:

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

Property development sales:

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

Rental income:

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

Block management services:

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

Royalty income:

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

Warranties:

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

Costs to obtain contracts:

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

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

Costs to fulfil contracts:

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

Practical expedients:

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

- Contract costs incurred relating to contracts with an amortisation period of less than one year have been expensed as incurred.
- Not to disclose information about remaining performance obligations that have expected durations of less than one year, including amounts of transaction price allocated to remaining performance obligations.

Operating Expenses

Operating expenses are recognised in the Income Statement as incurred and are classified according to their nature.

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

Selling and distribution expenses include logistics, information systems, contract engineering, selling and marketing expenses.

Research and development expenditure comprises all product design and development costs.

Administration expenses comprise finance, legal and human resources expenses together with the costs of each business's General Manager and the Board.

Borrowing Costs

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

Goodwill

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

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

Goodwill arising on acquisition prior to 31st December 1998 has been written off to consolidated reserves. The cumulative amount of positive goodwill written off is £630.2k. On disposal of a business, the gain or loss on disposal includes the goodwill previously written off on acquisition.

Impairment losses are recognised in the income statement.

Intangible assets

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

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

Research and development costs

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

Leases

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

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

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

Investment Property

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

No depreciation is provided in respect of investment property.

Financial Instruments

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

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

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

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

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

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

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

Trade receivables

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

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

Borrowings

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

Investments

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

Trade payables

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

Derivative financial instruments and hedge accounting

The Group operates a centralised treasury function which is responsible for managing liquidity, interest, commodity and foreign currency risks. As part of its strategy for the management of these risks, the Group uses financial derivatives in accordance with Group Treasury Policy.

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

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

Recognition and Measurement

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

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

The portion of the gain or loss on an instrument used to hedge a net investment in an overseas company that is determined to be an effective hedge is recognised directly in equity in the consolidated accounts that contain both the investments and the hedging instrument.

Cash flow hedging

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

Risk management policies

Interest rate risk

Interest rate risk arises on the Group's variable rate borrowings. If deemed necessary the treasury policy allows forward cover up to a maximum of 60% of total borrowings for periods of up to five years. This does not eliminate the risk but provides some certainty.

Commodity risk

Commodity cost risk arises on base metals used in the Group's electrical businesses. This risk is addressed, wherever possible, by increasing customer prices through contract variation clauses or by entering into financial instruments on commodities when this is considered to be the most efficient way of hedging price movements.

Foreign currency risks

Foreign currency transaction risks arise because the Group sells and purchases in foreign currencies. The Group's policy is to partially hedge its forecasted net currency exposure using forward currency contracts to protect forecast gross margins one year ahead.

Non Current Assets Held for Sale

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

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

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

Inventories

Stocks are valued at the lower of cost and net realisable value.

Work in progress, including long term contracts and goods for resale include attributable overheads.

Net realisable value is the estimated selling price reduced by all costs of completion, marketing and distribution.

Residential trading properties are carried in the balance sheet at the lower of cost and net realisable value. In assessing net realisable value the Group uses valuations carried out by its own in-house surveying team based on information supplied by local property consultants.

Income Taxes

Corporation tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Government grants

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

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

Cash

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

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

Equity and Reserves

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

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

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

Post Employment Benefits

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

In the United Kingdom the Group operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined on or before 10th April 2002. The pension cost of the defined benefit scheme is charged to the income statement so as to spread the cost of pensions over employees' working lives with the Group.

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

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

Provisions

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

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

Significant Management Judgement

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Revenue recognition

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

Development expenditure

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

Deferred Tax

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

Estimation Uncertainty

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

Impairment of non-financial assets and goodwill

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

Useful lives of depreciable assets

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

Inventories

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

Defined benefit obligation

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

Fair value measurement

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

Notes to the accounts

1. Accounting policies and presentation

Basis of preparation

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

New and amended standards which became effective during the year

None of the amendments to IFRS's that were issued by the International Accounting Standards Board effective for accounting periods that begin 1 January 2022 have had an impact on the Group's reported results.

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

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

The various amendments to IFRS's that are effective 1st January 2022 are not considered to have a material impact on the future reporting of the Group.

Reclassification

Non-UK defined benefit costs have been reclassified in 2020 from the Consolidated Income Statement to the Consolidated Statement of Comprehensive Income. The impact of this is to increase profit before tax by £0.4m to £27.1m and to recognise a remeasurement cost of £0.4m in the Consolidated Statement of Comprehensive Income. Total comprehensive income for 2020 remains unchanged.

2. Profit for the financial year

The Group profit for the year after taxation includes a profit of £23.5m (2020: £14.1m) which is dealt with in the financial statements of the Company.

3. Analysis of turnover and profit between activities and markets

The total turnover from continuing operations of the Group was £263.8m (2020: £204.0m) of which £5.4m (2020: £7.0m) related to UK exports. In the opinion of the Directors it would be prejudicial to the interests of the Group to disclose a detailed analysis of turnover or profit.

	2021	2020
	£000	£000
Revenue from continuing operations	**263,786**	**203,989**

a) Contract assets and liabilities

Contract assets/liabilities relate to the Group's rights of consideration for services provided on contracts. There were no contract assets at 31 December 2021.

	2021	2020
	£000	£000
Contract liabilities - customer advances	4,694	3,596
Contract liabilities - deferred income	1,736	545
Total contract liabilities	**6,430**	**4,141**

b) Revenue recognised in relation to contract liabilities

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

	2021	2020
	£000	£000
Contract liabilities - customer advances	2,220	753
Contract liabilities - deferred income	233	699
	2,453	**1,452**

4. Operating profit

	2021	2020
	£000	£000
a) Operating profit is stated after charging:		
Depreciation of tangible fixed assets	5,185	5,968
Amortisation of intangible fixed assets	252	359
(Gain) / loss on disposal of fixed assets	(444)	(284)
Operating lease rentals		
Plant & machinery	163	31
Land & buildings	373	285
Research and development	5,815	5,058
Directors' remuneration (see note 32)	1,644	1,557
Auditors' remuneration (see note 4c)	214	158
Hire of plant	41	32
(Gain) / loss on translation of foreign currency	(604)	2,492
b) Operating profit is stated after crediting:		
Rental income	8,184	7,940
Less related expenses	(3,803)	(3,520)
	4,381	**4,420**
c) Auditors' remuneration		
Audit of these financial statements	31	29
Amounts received by auditors and subsidiary auditors in respect of:		
Audit of financial statements of subsidiaries	148	123
Other services	76	43
	255	**195**
Fees in respect of and borne by the W Lucy Pension Scheme	6	6

5. Employee Remuneration

	2021	2020
	£000	£000
Expenses recognised for employee benefits are analysed below:		
Wages and salaries	41,081	38,035
Social security costs	2,706	2,375
Pension costs	2,683	2,642
	46,470	**43,052**

The Group did not receive any support from the UK Governments Covid-19 job retention scheme in 2021 (2020: £1.0m).

The average number of employees during the year was 1,463 (2020: 1,425) of which 148 were administrative (2020: 152).

6. Finance income and costs

	2021	2020
	£000	£000
Finance revenue		
Income from investments	27	25
Other interest receivable	29	38
Other income	23	86
	79	**149**
Finance cost		
Bank interest	519	623
Foreign currency losses	163	598
Ineffective portion of changes in fair value of cash flow hedges	-	60
Pension finance cost	154	128
Lease interest	577	471
Other expense	180	259
	1,593	**2,139**

7. Tax on profit on ordinary activities

	2021	2020
	£000	£000
Current year UK tax	2,588	2,197
Current year overseas tax	1,645	887
Group current tax	**4,233**	**3,084**
Under/(over) provision in previous years	30	(136)
Total current tax	**4,263**	**2,948**
Deferred tax		
Capital allowances	134	(7)
Other timing differences and allowances	359	(649)
Effect of increased tax rate on opening liability	5,180	1,646
Investment properties	1,161	669
Prior year adjustment	-	150
Tax losses	(264)	-
Total deferred taxation	**6,570**	**1,809**
Total tax on profit on ordinary activities	**10,833**	**4,757**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax is as follows:

	2021	2020
Profit on ordinary activities (continuing and discontinued) before tax	**42,211**	**27,719**
Tax charge at average UK Corporation Tax rate of 19% (2020: 19%)	8,020	5,267
Current and deferred tax adjustments in respect of prior years	30	14
Net effect of differing UK tax rates	5,180	1,646
Net effect of differing overseas tax rates	(3,065)	(2,630)
Other non-allowable expenses	1,139	982
Utilisation of tax losses	(696)	(496)
Current year losses	987	645
Deferred tax credit on discontinued operations	-	6
Other	(762)	(677)
Group current tax charge from continuing operations	**10,833**	**4,757**
Credit re discontinued operations	-	(6)
Group current tax charge for the period	**10,833**	**4,751**

8. Earnings per share

The earnings per share have been calculated using the profit attributable to shareholders of Lucy Group Ltd as the numerator. Profit has been adjusted by £(115k) in 2021 (2020:£(303k)) to remove that attributable to the non-controlling interest.

	2021	2020
	£000	£000
Profit on ordinary activities after taxation attributable to Lucy Group Ltd shareholders	31,493	23,271
Weighted average number of shares (000s)	492	492
Earnings per share	6,403p	4,731p

9. Dividends

	2021	2020
	£000	£000
Amounts recognised as distributions to shareholders in the year:		
Final dividend for the year to 31st December 2020: 127p (2019: Nil) per share	625	-
Special dividend for the year to 31st December 2020: 125p (2019: Nil)	615	-
Interim dividend for the year to 31st December 2021: 93p (2020: 209p) per share	457	1,028
Special dividend for the year to 31st December 2021: 150p (2020: Nil)	738	-
	2,435	**1,028**
Proposed final dividend for the year to 31st December 2021: 140p (2020: 127p) per share	689	625

10. Discontinued Operations

a) Description: The Group's Castings business was closed in 2019 and work to complete the closure was undertaken during 2020. The financial information relating to the discontinued operations is set out below.

b) Financial performance and cash flow information

	2021	2020
	£000	£000
Revenue	-	-
Other income	-	577
Profit before tax	**-**	**577**
Tax		6
Profit after tax	**-**	**583**
Net Cash flow from operating activities	(184)	(642)
Net Cash flow from investing activities	-	1,190
Net Cash flow from financing activities	(10)	(790)
Net change in cash from discontinued operations	**(194)**	**(242)**

11. Goodwill

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

	2021	2020
	£000	£000
Gross carrying amount		
Balance 1st January	2,775	2,930
Write-off	-	(155)
Balance 31st December	**2,775**	**2,775**

Impairment of Goodwill

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

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

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

Impairment reviews were performed as at the year end by comparing the carrying amount of goodwill to the recoverable amount of each asset.

	2021	2020
	£000	£000
The components of goodwill are:		
Lucy Zodion Ltd	2,261	2,261
Lucy Electric Gridkey Ltd	162	162
Lucy Equipamentos Electricos Ltda	352	352
	2,775	**2,775**

12. Other intangible assets

	Licenses and software	Product Development	Total
	£000	£000	£000
Gross carrying amount			
At 1st January, 2020	4,789	969	5,758
Additions	172	-	172
Right of use asset additions	239	-	239
Disposals	(92)	-	(92)
Translation differences	(44)	-	(44)
At 1st January, 2021	**5,064**	**969**	**6,033**
Additions	19	-	19
Disposals	(166)	-	(166)
Translation differences	(9)	-	(9)
At 31st December, 2021	**4,908**	**969**	**5,877**
Amortisation			
At 1st January, 2020	4,427	97	4,524
Charge for year	262	97	359
Disposals	(67)	-	(67)
Translation differences	(40)	-	(40)
At 1st January, 2021	**4,582**	**194**	**4,776**
Charge for year	155	97	252
Disposals	(144)	-	(144)
Translation differences	(8)	-	(8)
At 31st December, 2021	**4,585**	**291**	**4,876**
Net book value			
At 31st December, 2021	**323**	**678**	**1,001**
At 31st December, 2020	**482**	**775**	**1,257**
At 31st December, 2019	**362**	**872**	**1,234**

13. Property, plant and equipment

	Land and buildings	Plant and equpment	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st January, 2020	31,350	37,029	17,427	3,071	88,877
Right of use asset additions	39	25	-	383	447
Additions	93	792	315	190	1,390
Transfer to investment properties	(114)	-	-	-	(114)
Disposals	(1,207)	(2,532)	(1,024)	(322)	(5,085)
Translation differences	(1,388)	(1,166)	(235)	(234)	(3,023)
At 1st January, 2021	**28,773**	**34,148**	**16,483**	**3,088**	**82,492**
Right of use asset additions	157	-	-	250	407
Additions	4	2,488	649	504	3,645
Disposals	(59)	(380)	(630)	(199)	(1,268)
Translation differences	(223)	(313)	(193)	20	(709)
At 31st December, 2021	**28,652**	**35,943**	**16,309**	**3,663**	**84,567**
Depreciation					
At 1st January, 2020	10,950	27,598	13,941	2,114	54,603
Charge for year	1,456	2,598	1,415	499	5,968
Disposals	(78)	(2,457)	(998)	(294)	(3,827)
Translation differences	(1,176)	(569)	(229)	(30)	(2,004)
At 1st January, 2021	**11,152**	**27,170**	**14,129**	**2,289**	**54,740**
Charge for year	1,279	2,185	1,281	440	5,185
Disposals	(39)	(354)	(613)	(158)	(1,164)
Impairment release	-	(744)	(255)	(25)	(1,024)
Translation differences	(62)	(191)	(139)	(12)	(404)
At 31st December, 2021	**12,330**	**28,066**	**14,403**	**2,534**	**57,333**
Net book value					
At 31st December, 2021	**16,322**	**7,877**	**1,906**	**1,129**	**27,234**
At 31st December, 2020	**17,621**	**6,978**	**2,354**	**799**	**27,752**
At 31st December, 2019	**20,400**	**9,431**	**3,486**	**957**	**34,274**

14. Investment Property

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

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

Changes to the carrying amounts are as follows:

	2021	2020
	£000	£000
Carrying amount 1st January	**153,991**	**150,619**
Additions	1,101	95
Transfer in from property, plant and equipment	-	180
Write-off of construction costs and professional fees	-	(64)
Disposals	(735)	-
Revaluation	4,213	3,161
Carrying amount 31st December	**158,570**	**153,991**

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

15. Leases

a) The Group leases a number of fixed assets, and property, plant and equipment (note 13) includes £3.1m right of use assets that are leased. Details are shown below:

	Property	Vehicles	Machinery & Equipment	Total
	£000	£000	£000	£000
Right of use assets				
At 1st January, 2021	2,714	731	244	3,689
Additions	157	250	-	407
Depreciation charge for the year	(616)	(232)	(120)	(968)
At 31st December, 2021	**2,255**	**749**	**124**	**3,128**

b) Lease liabilities

	2021	2020
	£000	£000
Maturity analysis - undiscounted cashflows		
Less than one year	578	1,785
One to five years	1,005	2,213
More than five years	1,873	-
	3,456	**3,998**
Lease liabilities - discounted value of lease payments		
Current	1,150	1,139
Non-current	1,729	2,597
	2,879	**3,736**

c) Amounts recongised in the Income Statement

Interest on leased right-of-use assets	577	471
	577	**471**

16. Other long-term financial assets

	2021	2020
	£000	£000
Equities, other quoted investments and bonds	2,481	1,950
	2,481	**1,950**

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

17. Principal group undertakings

Company	Country of incorporation	Principal activity	Proportion of ownership interests held by the Group at year end % 2021	2020
Lucy Electic UK Limited	England	Manufacture and sale of switchgear	100	100
Lucy Zodion Limited	England	Manufacture and sale of lighting products	100	100
Lucy Electric (EMS) Limited	England	Engineering and management services	100	100
Lucy Developments Limited	England	Property development	100	100
Lucy Block Management Limited	England	Property management	100	100
Lucy Electric Gridkey Limited	England	Supply of switchgear monitoring systems and services	100	100
Lawson Fuses Limited	England	Manufacture and sale of fuses	100	100
Lucy Equipamentos Eletricos Ltda	Brazil	Manufacture and sale of switchgear	100	100
Lucy Electric Beijing Company Limited	China	Marketing and sale of switchgear	100	100
Lucy Electric India (Private) Limited	India	Manufacture and sale of switchgear	100	100
Lucy Electric Manufacturing and Technologies India (Private) Limited	India	Manufacture of switchgear and lighting products	100	100
Lawson Fuses India Limited	India	Manufacture and sale of fuses	75	75
Lawson Lucy India (Private) Limited	India	Manufacture and sale of fuses	100	100
Lucy Asia Pacific SDN BHD	Malaysia	Marketing and sale of switchgear	100	100
Lucy Switchgear Arabia Company Limited	Saudi Arabia	Manufacture and sale of switchgear	100	100
Lucy Electric South Africa Pty Limited	South Africa	Marketing and sale of switchgear	75	75
Lucy Electric (Thailand) Limited	Thailand	Manufacture and sale of switchgear	100	100
Lucy Switchgear FZE	UAE	Manufacture of switchgear	100	100
Lucy Middle East FZE	UAE	Marketing and sale of switchgear	100	100

18. Inventories

	2021	2020
	£000	£000
Raw materials and components	34,915	28,706
Work in progress	439	400
Finished goods	18,123	11,646
Development land and buildings:		
Land	935	1,046
Developments in progress	12,716	10,802
Finished properties for sale	-	3,253
	67,128	**55,853**

19. Trade and other receivables

	2021	2020
	£000	£000
Current receivables		
Trade receivables	34,981	43,551
Rent receivables	76	111
Advances to suppliers	487	617
Corporation Tax receivable	357	850
Prepayments and accrued income	6,873	7,592
Other receivables	2,193	2,921
Total current receivables	**44,967**	**55,642**
Non-current receivables		
Deferred tax asset	1,027	1,028
Other receivables	2,561	702
Total non-current receivables	**3,588**	**1,730**
Total receivables	**48,555**	**57,372**

20. Derivative financial instruments

	2021		2020	
	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Designated hedge relationships:				
Foreign exchange contracts	-	-	-	18
Commodity contracts	-	-	22	-
	-	**-**	**22**	**18**

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

21. Provisions

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

	Closure	Restructuring costs	Integration & systems implementation costs	Warranty provision	Other	Total
	£000	£000	£000	£000	£000	£000
Carrying amount 1st January, 2021	**16**	**4,349**	**475**	**4,171**	**2,280**	**11,291**
Provided in year	-	190	-	1,317	980	2,487
Released in year	-	-	(70)	(209)	(524)	(803)
Charge in year	(16)	(1)	(205)	(922)	(29)	(1,173)
Carrying amount 31st December, 2021	**-**	**4,538**	**200**	**4,357**	**2,707**	**11,802**

22. Trade & other payables - current

	2021	2020
	£000	£000
Trade payables	28,335	30,322
Accruals and deferred income	19,469	16,085
Right of use assets within one year	1,150	1,139
Other payables	2,390	2,542
	51,344	**50,088**
Corporation Tax payable	3,000	2,426
Social security and other taxes	1,995	4,802
	4,995	**7,228**

23. Trade & other payables - non-current

	2021	2020
	£000	£000
End of service benefits for non-UK businesses	5,181	5,098
Right of use assets more than one year	1,729	2,597
Accruals and deferred income	326	-
	7,236	**7,695**

End of service benefits represents a statutory gratuity payable to UAE, Saudi Arabia and India based employees on leaving the company. In Saudi Arabia and India actuarial valuations are carried out at the end of each reporting period and the valuations are £1,184k (2020: £1,256k) in Saudi Arabia and £151k (2020: £167k) in India.

24. Deferred tax liability

	2021	2020
	£000	£000
Investment Properties	23,091	16,667
Capital allowances	(210)	(111)
Other timing differences and allowances	328	320
	23,209	**16,876**

Legislation was enacted during the year to change the long-term corporation tax rate from 19% to 25% and prior year tax rate from 17% to 19%, increasing the Group's deferred tax liability by £5.2m (2020: £1.6m).

25. Pensions

Lucy Group Limited (the Company) operates a defined benefit pension arrangement called the W Lucy Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. In addition, the Company operates unfunded unapproved retirement benefits arrangements ("UURBs") for certain employees. The details below relate to the cost and liabilities of the W Lucy Scheme and the UURBs in aggregate, and to the assets of the W Lucy Pension Scheme. The value of the liabilities as at 31 December 2021 in respect of the UURBs was approximately £584k, compared to £563k as at 31 December 2020.

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

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 6 April 2020 and the next valuation of the Scheme is due as at 6 April 2023. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

The Company expects to pay contributions of £1,286k in the year to 31 December 2022 based on the current Schedule of Contributions dated 29 September 2020.

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

The Scheme exposes the Company to a number of risks:

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

There were no plan amendments, curtailments or settlements during the period.

Profile of defined benefit obligation

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

Disclosures

Figures for disclosure in accounts for period ending 31 December 2021 under IAS19. Results are shown in £k, rounded to the nearest £1k.

	2021	2020
Principal actuarial assumptions		
Discount rate	1.85% p.a.	1.35% p.a.
Inflation (RPI)	3.35% p.a.	2.85% p.a.
Inflation (CPI)	2.85% p.a.	2.35% p.a.
Salary increases	3.35% p.a.	2.85% p.a.
Pension increase (RPI max 5% pa)	3.25% p.a.	2.75% p.a.
Pension increase (RPI max 2.5% pa)	2.30% p.a.	2.10% p.a.
Pension increase (CPI max 3% pa)	2.35% p.a.	2.00% p.a.
Post-retirement mortality	117% of the S3PA tables with CMI 2020 projections using a long-term improvement rate of 1.25% p.a, an initial addition parameter of 0.25% p.a. and a 2020 weight parameter of 15%	117% of the S3PA tables with CMI 2019 projections using a long-term improvement rate of 1.25% p.a. and an initial addition parameter of 0.25% p.a.
Commutation	Members are assumed to take 25% of their pension as tax free cash	Members are assumed to take 25% of their pension as tax free cash
Life expectancy at age 65 of male aged 45	22.0	22.3
Life expectancy at age 65 of male aged 65	20.7	21.0
Life expectancy at age 65 of female aged 45	24.7	24.8
Life expectancy at age 65 of female aged 65	23.2	23.3

The current asset split is as follows:

	Bid values at 31st December 2021
	£000
Equities	45,647
Corporate Bonds	13,166
Gilts	2,710
Target Return	7,045
Cash	527
Total assets	**69,095**

Balance sheet

	At 31st Dec 2021	At 31st Dec 2020
	£000	£000
Fair value of assets	69,095	63,868
Present value of obligations	(71,999)	(75,760)
Deficit	**(2,904)**	**(11,892)**
Deferred tax	726	2,259
Net defined benefit liability	**(2,178)**	**(9,633)**

Amount recognised in the Income Statement

	Period to 31st Dec 2021	Period to 31st Dec 2020
	£000	£000
Current service cost	787	702
Administration costs	166	227
Interest on liabilities	1,009	1,362
Interest on assets	(855)	(1,234)
Past service costs	-	40
Settlement and curtailment cost	-	-
Total charge to Income Statement	**1,107**	**1,097**

Remeasurements over the year

	Period to 31st Dec 2021	Period to 31st Dec 2020
	£000	£000
Gain on assets in excess of interest	(5,391)	(1,354)
Experience gains on liabilities	(207)	(536)
(Gains)/losses from changes to demographic assumptions	(838)	358
(Gains)/losses from changes to financial assumptions	(2,438)	7,420
Total remeasurements	**(8,874)**	**5,888**

Change in value of assets

	Period to 31st Dec 2021	Period to 31st Dec 2020
	£000	£000
Fair value of assets at start	**63,868**	**62,157**
Interest on assets	855	1,234
Company contributions	1,221	2,735
Contributions by Scheme participants	97	102
Benefits paid	(2,171)	(3,487)
Administration costs	(166)	(227)
Change due to settlements and curtailments	-	-
Return on assets less interest	5,391	1,354
Fair value of assets at end	**69,095**	**63,868**
Actual return on assets	**6,246**	

Change in value of defined benefit liabilities

	Period to 31st Dec 2021	Period to 31st Dec 2020
	£000	£000
Defined benefit obligation at start	**75,760**	**69,799**
Current service cost	787	702
Contributions by Scheme participants	97	102
Past service costs	-	40
Interest on liabilities	1,009	1,362
Benefits paid	(2,171)	(3,487)
Change due to settlements and curtailments	-	-
Experience gain on liabilities	(207)	(536)
Changes to demographic assumptions	(838)	358
Changes to financial assumptions	(2,438)	7,420
Defined benefit obligation at end	**71,999**	**75,760**

Reconciliation of net defined benefit liability

	Period to 31st Dec 2021	Period to 31st Dec 2020
	£000	£000
Net defined benefit liability at start	**11,892**	**7,642**
Current service cost	787	702
Past service cost & settlement and curtailment cost	-	40
Net interest expense (income)	154	128
Remeasurements	(8,874)	5,888
Administration costs	166	227
Employer contributions	(1,221)	(2,735)
Net defined benefit liability at end	**2,904**	**11,892**

Sensitivity of the value placed on the liabilities

		Approximate effect on liability
		£000
Discount rate	Discount rate -0.10%	1,138
Inflation	Inflation +0.10%	765
Salary increases	Salary increases +0.10%	107
Mortality	Increase long-term mortality improvement rate to 1.50% p.a.	673
	Increase mortality Initial Addition Parameter to 0.5% p.a.	654
	Decrease 2020 weight parameter to 0%	756

Projected Income Statement for next year

	Period to 31 Dec 2022
	£000
Current service cost	739
Administration costs	166
Interest on liabilities	1,313
Interest on assets	(1,269)
Past service costs	-
Settlement and curtailment cost	-
Total charge to Income Statement	**949**

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

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

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

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

26. Borrowings

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

	Repayable	2021
		£000
Facilities		
Revolving facilities		
Secured £23m revolving multi-currency loan at 1.40% above SONIA	31st March 2024	15,099
Secured £20m revolving multi-currency loan at 1.40% above SONIA	15th February 2023	-
Other		
Exchange gain on foreign currency borrowings		(140)
Total Borrowings		**14,959**

Security	
The two revolving loan facilities are secured against specific freehold properties valued at £53.5m in 2020.	
Loan drawdown and interest	
The amount of loan drawdown at 31st December 2021 was £15.0m, split as follows:	
US Dollar $8.1m loans at variable rates of interest	6,010
Thai Baht THB280m loans at variable rates of interest	6,265
South African Rand ZAR57.7m loans at variable rates of interest	2,684
	14,959

Maturity of borrowings

	2021	2020
	£000	£000
In more than one but no more than two years	-	-
In more than two but no more than five years	14,959	17,659
More than five years	-	-
	14,959	**17,659**

27. Financial instruments and risk management

a. Financial risk management objectives and policies

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

Treasury and financial risk management

The Group has a risk that available funds may not meet business needs. Higher debt levels would result in an increase in the proportion of cash flow dedicated to servicing debt and potentially increase its exposure to interest rate fluctuations. The geographic spread of the Group means that its financial results can be affected by movements in foreign exchange rates.

The Group has a significant proportion of its borrowing denominated in US Dollars to mitigate the risk of movements in foreign exchange rates.

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

Credit risk

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

The Group's risk assessment procedures for key suppliers enables it to identify alternatives and develop contingency plans in the event any of these suppliers fail.

Liquidity risk

The Group has adequate medium term financing in place to support its business operations for the foreseeable future. The Group ensures that it has sufficient undrawn committed borrowing facilities available to meet committed expenditure and to allow for operational flexibility. An analysis of the maturity of borrowings is disclosed in Note 26.

Commodity risk

Commodity cost risk arises on base metals used in the Group's electrical businesses. This risk is addressed, wherever possible, by increasing customer prices through contract variation clauses. Cash flow hedging is used to mitigate the risk, by using financial instruments, such as entering into forward contracts on commodities, when this is considered the most efficient way of protecting against price movements.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than UK Pound Sterling. The Group's policy is to hedge all material firm transactional exposures in order to protect it against currency fluctuations. These exposures are hedged via forward currency contracts and swaps which are designated as cash flow hedges. In addition, negotiations with suppliers continue and will result in matching of currencies to allow increased netting of currency flows.

US Dollars are used as a proxy for hedging exotic currencies pegged to the US Dollar, such as Saudi Riyals and UAE Dirhams, because a liquid financial derivative market is unavailable.

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

Following a change in policy in 2019 the Group no longer has nor undertakes net investment hedges.

Interest rate risk

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

b. Derivative financial instruments

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

In accordance with the Group treasury policies, derivative financial instruments are not held for trading purposes and policy sets out the range of instruments that can be used.

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

- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction

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

Cash flow hedges

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

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

Hierarchical classification of financial assets and liabilities measured at fair value

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

Level 1

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

Level 2

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

Level 3

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

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

Quoted equities and securities (Level 1)

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

Investment property (Level 2)

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

Forward contract and commodity swaps (Level 2)

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

c. Categories of Financial Instruments

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

			2021			2020
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets at fair value through OCI						
Listed equity investments	2,481	-	2,481	1,950	-	1,950
Total financial assets at fair value through OCI (a)	**2,481**	**-**	**2,481**	**1,950**	**-**	**1,950**
Trade receivables	-	35,057	35,057	-	43,662	43,662
Total financial assets at amortised cost (b)	**-**	**35,057**	**35,057**	**-**	**43,662**	**43,662**
Derivative financial instruments	-	-	-	-	18	18
Cash and cash equivalents (c)	**-**	**46,389**	**46,389**	**-**	**20,872**	**20,872**
Financial Liabilities						
Derivative financial instruments **(d)**	-	-	-	-	(4)	(4)
Interest bearing loans and borrowings	14,959	-	14,959	17,659	-	17,659
Trade and other payables	-	28,335	28,335	-	30,322	30,322
Total	**14,959**	**28,335**	**43,294**	**17,659**	**30,318**	**47,977**

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

			2021			2020
	Non-current	Current	Total	Non-current	Current	Total
	£000	£000	£000	£000	£000	£000
Financial assets						
Dividends from equity investments held at FVOCI	27	-	27	25	-	25
Hedging gains - hedge ineffectiveness	-	-	-	-	-	-
Total	**27**	**-**	**27**	**25**	**-**	**25**
Financial liabilities						
Finance cost of interest bearing loans and borrowings	-	519	519	-	623	623
Hedging losses - hedge ineffectiveness	-	-	-	-	60	60
Total	**-**	**519**	**519**	**-**	**683**	**683**

a) Financial assets at fair value through Other Comprehensive Income

Financial assets at fair value through Other Comprehensive Income comprise equity securities which are not held for trading. The Company has made an irrevocable election at initial recognition to recognise changes in fair value through Other Comprehensive Income rather than the Consolidated Income Statement.

b) Trade and other receivables

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

c) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and cash balances held by the Group's investment managers and solicitors.

d) Derivative financial instruments

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

28. Equity - share capital

	2021	2020
	£000	£000
Authorised :		
495,000 ordinary shares of £1 each	495	495
Allotted, called up and fully paid :		
491,885 ordinary shares of £1 each	492	492

29. Other reserves

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

Capital reserves

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

Retained earnings

In accordance with IFRS, retained earnings include revaluation reserves which are not distributable under UK law. The balance in the revaluation reserve at 31 December 2021 is £116.4m.

Currency translation reserve

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

Cash flow hedge reserve

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

30. Commitments

Capital

At 31st December 2021 the Group had authorised the following future capital expenditure:

	2021	2020
	£000	£000
Contracted	4,880	476
Not contracted	242	-

31. Contingent liabilities

The Group has given its bankers guarantees amounting to the equivalent of £4.7m (2020: £6.9m) in respect of tender and performance bonds and counter indemnities.

During 2021 Lucy Switchgear Arabia Ltd (LSA) received income tax assessments for the years 2015 to 2019 amounting to £10.0m (SAR 50.4m). LSA management has filed an appeal with the General Secretariat of Tax Committees in Saudi Arabia against these assessments which are currently pending. The Group believes that no material liability will arise upon the ultimate resolution of such appeal and accordingly, no provision has been made in the 2021 financial statements for such assessments.

Lucy Electric India (Private) Ltd is claiming £2.7m (INR270m) from CG Power and during ongoing arbitration proceedings CG Power have counterclaimed for an amount of £17.0m (INR1,715m). The proceedings are in their early stages but we are optimistic that this counterclaim will be dismissed and so no provision has been made in the 2021 financial statements.

32. Related parties

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

Transactions with key management personnel

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

	2021	2020
	£000	£000
Short-term employee benefits	1,600	1,516
Post employment benefits	44	41
Total key management remuneration	**1,644**	**1,557**
Emoluments of highest paid Director	441	434
Pension contribution	-	-
	441	**434**

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

Two Directors are members of the defined benefit section of the W Lucy Pension Scheme. The Company also operates unfunded unapproved retirement benefit arrangements for one of these Directors. The Group made contributions of £43,625 (2020: £40,875) to defined contribution schemes in respect of two other Directors and operates unfunded unapproved retirement benefits for one of these.

At the year end, the highest paid Director had accrued pension benefits totalling £109,783 p.a. (2020: £108,712 p.a.) which are currently in payment from the W Lucy Pension Scheme. During the prior year, the member's pension payable directly by the Company under the unfunded unapproved retirement benefit arrangement was crystalised and paid to the member as a one-off lump sum of £1,248k in December 2020.

In 2020 land with planning consent was purchased from the family of Pippa Latham, a non-executive Director, at a market value of £705k. This was developed by Lucy Developments Ltd and by agreement the overage above an operating profit of 15% was split equally between the company and vendor upon sale in January 2022, the vendor receiving £174k.

Transactions with the defined benefit plan

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

Parent and ultimate controlling party

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

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

33. Analysis of changes in cash and net debt

	1st Jan	Cash flows	Exchange gain	31st Dec
	£000	£000	£000	£000
Cash at bank and in hand	**20,709**	**25,514**	**-**	**46,223**
Liquid resources	163	3	-	166
Loan capital over one year	(17,659)	2,090	610	(14,959)
Net cash	**3,213**	**27,607**	**610**	**31,430**

Lucy Group Limited

Parent Company Accounts

Company Statement of Financial Position
as at 31st December 2021

	Note	31st Dec 2021	31st Dec 2020
		£000	£000
Assets			
Non-current assets			
Intangible assets	2	338	555
Property, plant and equipment	3	2,048	2,184
Investments			
Investment property	4	164,377	158,114
Other investments	5	73,243	70,980
Other receivables	6	512	702
Non-current assets		**240,518**	**232,535**
Current assets			
Trade and other receivables	6	84	119
Derivative financial instruments	12	-	22
Group debtors	6	2,753	1,815
Prepayments and other debtors	6	842	892
Cash and cash equivalents		12,645	-
Current assets		**16,324**	**2,848**
Total assets		**256,842**	**235,383**
Liabilities			
Non-current liabilities			
Provisions	9	5,949	6,208
Pension and other employee obligations	16	2,178	9,633
Borrowings	11	14,959	17,659
Trade and other payables	8	49	235
Deferred tax liabilities	10	22,839	16,519
Non-current liabilities		**45,974**	**50,254**
Current liabilities			
Trade and other payables	7	11,132	9,248
Current tax liabilities	7	693	946
Derivative financial instruments	12	-	18
Other liabilities	7	3,909	8,483
Current liabilities		**15,734**	**18,695**
Total liabilities		**61,708**	**68,949**
Net assets		**195,134**	**166,434**

	Note	31st Dec 2021	31st Dec 2020
		£000	£000
Equity			
Share capital	15	492	492
Other reserves		(6,852)	(6,852)
Profit and loss account		201,494	172,794
Total equity		**195,134**	**166,434**

Approved by the Board of Directors on 22 March 2022 and signed on its behalf

C R Dick
Executive Chairman

G D Ashton
Group Finance Director

Company Statement of Changes in Equity

for the year ended 31st December, 2021

	Share capital	Capital reserve	Currency reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1st January, 2021	**492**	**31**	**(6,883)**	**172,794**	**166,434**
Profit for the year	-	-	-	23,518	23,518
Other comprehensive income					
Fair value change in investments	-	-	-	248	248
Actuarial gain on post retirement liability, net of deferred tax	-	-	-	7,369	7,369
Total comprehensive income	**-**	**-**	**-**	**31,135**	**31,135**
Dividends	-	-	-	(2,435)	(2,435)
At 31st December, 2021	**492**	**31**	**(6,883)**	**201,494**	**195,134**
At 1st January, 2020	**492**	**31**	**(6,883)**	**164,514**	**158,154**
Profit for the year	-	-	-	14,108	14,108
Other comprehensive income					
Fair value change in investments	-	-	-	128	128
Actuarial loss on post retirement liability, net of deferred tax	-	-	-	(4,928)	(4,928)
Total comprehensive income	**-**	**-**	**-**	**9,308**	**9,308**
Dividends	-	-	-	(1,028)	(1,028)
At 31st December, 2020	**492**	**31**	**(6,883)**	**172,794**	**166,434**

Notes to the Company Accounts

1. Accounting policies

Statement of compliance

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

The company has taken the exemption allowed under Section 408 of the Companies Act 2006 from the requirement to present its own income statement. The profit for the year was £23.5m (2020: £14.1m). These financial statements present information about the Company as an individual undertaking and not about its Group.

General information and basis of preparation

Lucy Group Ltd is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information on page 94 of this report. The financial statements have been prepared in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the year.

Disclosure exemptions adopted

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

- IAS 1: Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- IAS 1: Capital management disclosures
- IAS 7: Exemption from preparing a cash flow statement
- IAS 8: Disclosures in respect of standards in issue not yet effective
- IFRS 15: Various disclosures in respect of revenue recognition including disaggregation of revenue and details of performance obligations
- IAS 24: Related Party Disclosures to disclose related party transactions entered into
- IAS 24: Disclosure of key management personnel compensation

Functional and presentation currency

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

Foreign currency transactions and balances

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

Revenue

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

Operating expenses

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

Fixed assets

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

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

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

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

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

Intangible fixed assets

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

Investment properties

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

No depreciation is provided in respect of Investment properties.

Investments

Investments in subsidiaries including long term loans are held at cost less any provision for impairment. Impairment provisions are based upon an assessment of the net recoverable amount of each investment. Other investments are measured at cost and are subject to impairment. Investments in equity securities are classified as available-for-sale financial assets and are initially measured at cost which is considered to equal fair value. Subsequently such investments are measured at fair value and changes therein are recognised in Other Comprehensive Income.

Leases

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

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

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

Taxation

Tax expense recognised in the Income Statement comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income or directly in equity.

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

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

Cash and cash equivalents

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

Financial Instruments

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

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

Derivative financial instruments and hedge accounting

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

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

The portion of the gain or loss on an instrument used to hedge a net investment in an overseas company that is determined to be an effective hedge is recognised directly in equity in the consolidated accounts that contain both the investments and the hedging instrument.

Cash flow hedging

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

Equity, reserves and dividend payments

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

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

Post-employment benefits plans

The company contributes to a pension scheme operated by the Group providing benefits based on final pensionable pay for eligible employees who joined on or before 10th April 2002. The scheme is administered by trustees and the funds are independent of the company's finances.

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

Provisions, contingent assets and contingent liabilities

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

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

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

Significant management judgement in applying accounting policies and estimation uncertainty

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

Recognition of deferred tax assets

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

Defined benefit obligation

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

Fair value measurement

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

2. Intangible assets

	Licenses and software
	£000
Gross carrying amount	
At 1st January, 2021	1,581
At 31st December, 2021	**1,581**
Amortisation	
At 1st January, 2021	1,026
Charge for year	217
At 31st December, 2021	**1,243**
Net book value	
At 31st December, 2021	**338**
At 31st December, 2020	**555**

3. Property, plant and equipment

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000
Cost or valuation				
At 1st January, 2021	1,448	6,087	294	7,829
Additions	-	255	39	294
Disposals	-	(466)	-	(466)
At 31st December, 2021	**1,448**	**5,876**	**333**	**7,657**
Depreciation				
At 1st January, 2021	408	5,035	202	5,645
Charge for year	29	345	49	423
Disposals	-	(459)	-	(459)
At 31st December, 2021	**437**	**4,921**	**251**	**5,609**
Net book value				
At 31st December, 2021	**1,011**	**955**	**82**	**2,048**
At 31st December, 2020	**1,040**	**1,052**	**92**	**2,184**

4. Investment Property

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

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

Changes to the carrying amounts are as follows:

	2021	2020
	£000	£000
Carrying amount 1st January	**158,114**	**154,742**
Additions	765	95
Transfer in	700	180
Write-off of construction costs and professional fees	-	(64)
Disposals	(735)	-
Revaluation	5,533	3,161
Carrying amount 31st December	**164,377**	**158,114**

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

5. Other investments

	2021	2020
	£000	£000
Equity securities: listed	2,481	1,950
Group undertakings	38,666	32,792
Loans to Group undertakings	32,096	36,238
	73,243	**70,980**

Investments in subsidiaries have been written down to the company net asset value at the year end. Total impairments to investments in subsidiaries were £2.1m (2020: £2.1m), total write backs were £2.1m (2020: £1.5m), additions were £5.9m (2020: £0.5m) and disposals were nil (2020: nil) in the year.

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

Group undertakings

	2021	2020
	£000	£000
Lucy Electric UK Limited	11,537	11,537
Lucy Electric (EMS) Limited	7,784	6,095
Lucy Electric India (Private) Limited	5,425	1,153
Lucy Electric (Thailand) Limited	4,464	4,063
Lucy Electric Manufacturing and Technologies India (Private) Limited	4,077	4,077
Lawson Fuses Ltd	1,788	1,603
Lucy Asia Pacific SDN BHD	1,335	1,774
Lucy Zodion Limited	1,250	1,250
Lucy Switchgear FZE	534	534
Lucy Electric GridKey Limited	200	200
Lucy Middle East FZE	174	174
Lucy Electric Beijing Company Limited	61	17
Lucy Block Management Limited	20	49
Lucy Equipamentos Eletricos Ltda	16	265
Lucy Developments Limited	1	1
Lucy Electric South Africa (Pty) Limited	-	-
Truscanian Foundries Limited	-	-
Sandawana Castings Limited	-	-
Power Connectors Limited	-	-
Truscanian Limited	-	-
	38,666	**32,792**

Lucy Block Management Ltd (company registration number 06423266), Sanadawana Castings Ltd (company registration number 01753431) and Truscanian Foundries Ltd (company registration number 01623433) are exempt from having their financial statements audited under section 479A of the Companies Act.

Unquoted equity Investments

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

6. Trade and other receivables

	2021	2020
	£000	£000
Current receivables		
Trade receivables	8	8
Amounts owed by Group undertakings	2,753	1,815
Rent debtors	76	111
Prepayments and accrued income	509	564
Other receivables	333	328
	3,679	**2,826**
Non-current receivables		
Other receivables	512	702
	512	**702**
Total receivables	**4,191**	**3,528**

7. Trade & other payables - current

	2021	2020
	£000	£000
Bank overdrafts	-	5,687
Trade payables	251	199
Amounts owed to Group undertakings	10,699	8,849
Corporation Tax payable	510	169
Social security and other taxes	183	777
Accruals and deferred income	2,838	1,738
Right of use assets within one year	182	200
Other payables	1,071	1,058
	15,734	**18,677**

8. Other payables - non-current

	2021	2020
	£000	£000
Right of use assets more than one year	49	235
	49	**235**

9. Provisions

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

	Closure	Restructuring Costs	Integration Costs	Warranty Provision	Other	Total
	£000	£000	£000	£000	£000	£000
Carrying amount 1st January, 2021	16	4,170	225	10	1,787	6,208
Provided in year	-	190	-	-	366	556
Released in year	-	-	(70)	-	(608)	(678)
Charge in year	(16)	(1)	(120)	-	-	(137)
Carrying amount 31st December, 2021	**-**	**4,359**	**35**	**10**	**1,545**	**5,949**

10. Deferred tax

	2021	2020
	£000	£000
Investment Properties	23,037	16,614
Capital allowances	(182)	(235)
Other timing differences and allowances	(16)	140
	22,839	**16,519**

11. Borrowings

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

	Repayable	2021
		£000
Facilities		
Revolving facilities		
Secured £23m revolving multi-currency loan at 1.40% above SONIA	31st March 2024	15,099
Secured £20m revolving multi-currency loan at 1.40% above SONIA	15th February 2023	-
Other		
Exchange gain on foreign currency borrowings		(140)
Total Borrowings		**14,959**

Security

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

Loan drawdown and interest	
The amount of loan drawdown at 31st December 2021 was £15.0m, split as follows:	
US Dollar $8.1m loans at variable rates of interest	6,010
Thai Baht THB280m loans at variable rates of interest	6,265
South African Rand ZAR57.7m loans at variable rates of interest	2,684
	14,959

Maturity of borrowings

	2021	2020
	£000	£000
In more than one but no more than two years	-	-
In more than two but no more than five years	14,959	17,659
More than five years	-	-
	14,959	**17,659**

12. Derivative financial instruments

	2021		2020	
	Asset £000	Liability £000	Asset £000	Liability £000
Designated hedge relationships:				
Foreign exchange contracts	-	-	-	18
Commodity contracts	-	-	22	-
	-	**-**	**22**	**18**

13. Dividends

Information on dividends paid and declared is given in Note 9 in the Group financial statements.

14. Related parties

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

15. Equity - share capital

	2021	2020
	£000	£000
Authorised :		
495,000 ordinary shares of £1 each	495	495
Allotted, called up and fully paid :		
491,885 ordinary shares of £1 each	492	492

16. Pensions

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

Advisors

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

Financial Calendar

Announcement of results

The results of the Group are normally reported at the following times:

- Interim report for the six months to June in September
- Report and Accounts to 31 December in March

Dividend payments

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

- Interim dividend in September
- Final dividend in May

Notice of Meeting

Notice is hereby given that the annual general meeting of Lucy Group Ltd will be held at Eagle Works, Walton Well Road, Oxford, OX2 6EE on Tuesday 26th April 2022, at 12:00 noon for the following purposes:

1) To receive the Report of the Directors and the audited financial statements for the year ended 31st December, 2021.
2) To declare a final dividend.
3) To re-elect as a Director Mrs. P.A.J. Latham who retires by rotation
4) To re-appoint Wenn Townsend as auditors of the Company and to authorise the Directors to fix their remuneration.
5) To transact any other ordinary business of the Company.

By order of the Board,

Madeline Laxton
Company Secretary

22 March 2022

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

NOTES:

1. As a member of the company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you will receive a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to the Company at Eagle Works, Walton Well Road, Oxford OX2 6EE; and
   - received by the Company not less than 48 hours before the start of the meeting.

   In the case of a member that is a company, the proxy form must be signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. In order to revoke a proxy instruction you will need to inform the company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at Eagle Works, Walton Well Road, Oxford OX2 6EE. In the case of a member that is a company, the revocation notice must be signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by the company before the commencement of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after this time, then your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
9. Except as provided above, members who have general queries about the meeting should contact the Company Secretary at Eagle Works, Walton Well Road, Oxford OX2 6EE (no other methods of communication will be accepted).

Principal Locations

United Kingdom Companies

Lucy Electric UK Ltd.
Howland Road, Thame,
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Registered Office

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Lucy Group Ltd Board of Directors at Walton Well Road, Oxford

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