

REGISTERED NUMBER: 07395451 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
LUCAS UK GROUP LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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LUCAS UK GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

D A Lucas
K D Mulholland

REGISTERED OFFICE:

11 Invicta Business Park
London Road
Wrotham
Kent
TN15 7RJ

REGISTERED NUMBER:

07395451 (England and Wales)

AUDITORS:

Cube Partners Limited
Chartered Accountants and Registered Auditors
5 Giffard Court
Millbrook Close
Northampton
Northamptonshire
NN5 5JF

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

REVIEW OF BUSINESS

Lucas UK Group Limited is the parent to a holding company and two trading companies. Lucas Finishing Specialists Limited is an established specialist spray and painting contractor with a track-record spanning six decades operating within the top end of the UK Construction Industry mainly working for high profile blue chip clients on landmark projects such as BBC TV Centre in West London and McLaren Motorsport. Lucas Fit Out Limited is a specialist fit out contractor carrying out high profile fit out projects for major blue chip clients including Bloomberg's new London HQ and Chelsea Barracks redevelopment.

The market has remained very competitive in the period given the economic climate. The directors continued to take action to maintain and strengthen the group's client base going forward. This has included redefining existing targets and adding further blue chip clients. Further to this, new business enquiries are being attracted following investment in a state of the art innovation centre to showcase new products, systems and methodology within the fit out and finishing sector.

The results for the group show a pre-tax profit of £477,839 (loss for 2017 of £(82,656)) for the period from sales of £22,469,358 (£27,137,325 for 2017).

The Group has experienced a challenging trading period following close out of a number of historic fit out projects tendered for during a very competitive period. During this period the group has continued to improve and invest in the business by developing staff through an approved and ongoing Training & Development Plan, developing further the group's state of the art HQ and fully functional Logistics & Consolidation Centre in order to demonstrate our commitment to "Eco Friendly Contracting". The groups Muralplast sustainable surface treatments and the CPD seminars to industry professionals continue to enhance our reputation in the market. This, along with the new laboratory, graphics studio and paint colour centre has put the group at the front end of all future major projects, dealing with the country's leading architects and designers.

It is the group's ethos to always promote from within, and has had a number of key appointments over the period which has further strengthened the Senior Management Team. As always, the group is proud of the people who have helped to shape the business and through their dedication and commitment continue to deliver beyond expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

The principle business risks and uncertainties are considered to be in the fit out sector. Major fit out projects of a "design & build" type nature, particularly in the high end residential sector and particularly where we are dependent on the activities of third parties over whom we have no control are to be avoided. Moving forward our fit out focus will major on targeting a selectively chosen Super Fit Out type project or projects with our blue chip client base where we can negotiate a decent margin on £10m plus sized projects and where we can command complete control of all processes and thus achieve a higher return. This will be supplemented by a Special Works Team delivering an array of hand-picked, smaller fast-track fit out projects that command a higher profit margin and quick payment.


Looking beyond this, the group has recognised the widely discussed skills shortage in the UK construction industry and a need to attract and maintain a flow of new talent into the sector. The Group has established an in house Centre of Excellence & Innovation training facility to ensure a solid and suitably skilled workforce for the future which will support our ever growing painting order book and expanding blue chip client base.

FUTURE OUTLOOK

The commercial market in construction remains extremely competitive but given the steps the directors have taken, the group is well placed within the sector going forward. The group continues to secure high profile projects which ensures a strong performance in the coming year whilst still remaining totally focussed on the core business.

With the recent re-investment in to the business, the group is now well placed to take advantage of the continued growth in the top end of the UK construction market and the directors are confident that the business will remain strong by staying focussed in niche areas such as specialist projects and negotiated repeat work.

ON BEHALF OF THE BOARD:



D A Lucas - Director

17 June 2019

LUCAS UK GROUP LIMITED (REGISTERED NUMBER: 07395451)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of spray painting contractors, supply of surface coatings, fit out and redecoration specialists.

DIVIDENDS

Interim dividends per share were paid during the year as follows:

Ordinary A £1	- £25.7044
Ordinary B £1	- £27.42692
D Ordinary £1	- £28524
Ordinary E £1	- £187745

The total distribution of dividends for the year ended 31 December 2018 will be £431,048.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

D A Lucas
K D Mulholland

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the 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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Cube Partners Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D A Lucas - Director 

17 June 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LUCAS UK GROUP LIMITED

Opinion

We have audited the financial statements of Lucas UK Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LUCAS UK GROUP LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Steven Jones (Senior Statutory Auditor)
for and on behalf of Cube Partners Limited
Chartered Accountants and Registered Auditors
5 Giffard Court
Millbrook Close
Northampton
Northamptonshire
NN5 5JF

17 June 2019

LUCAS UK GROUP LIMITED (REGISTERED NUMBER: 07395451)

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**


	Notes	2018 £	2017 £
TURNOVER	3	22,469,358	27,137,325
Cost of sales		19,244,389	24,764,368
GROSS PROFIT		3,224,969	2,372,957
Administrative expenses		2,558,840	2,331,933
		666,129	41,024
Other operating income		59,438	-
OPERATING PROFIT	5	725,567	41,024
Interest receivable and similar income		11,475	275
		737,042	41,299
Interest payable and similar expenses	6	259,203	123,955
PROFIT/(LOSS) BEFORE TAXATION		477,839	(82,656)
Tax on profit/(loss)	7	12,463	(97,794)
PROFIT FOR THE FINANCIAL YEAR		465,376	15,138
Retained earnings at beginning of year		1,057,811	1,114,748
Dividends	9	(431,048)	(72,075)
RETAINED EARNINGS FOR THE GROUP AT END OF YEAR		1,092,139	1,057,811
Profit attributable to: Owners of the parent		465,376	15,138

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	10	1,645,868	1,782,707
Tangible assets	11	178,168	232,283
Investments	12	-	-
		<u>1,824,036</u>	<u>2,014,990</u>
CURRENT ASSETS			
Stocks	13	97,525	16,717
Debtors	14	5,011,398	3,769,449
Cash at bank		<u>2,143,843</u>	<u>1,644,260</u>
		7,252,766	5,430,426
CREDITORS			
Amounts falling due within one year	15	<u>5,461,176</u>	<u>3,681,292</u>
NET CURRENT ASSETS		<u>1,791,590</u>	<u>1,749,134</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,615,626</u>	<u>3,764,124</u>
CREDITORS			
Amounts falling due after more than one year	16	(1,456,904)	(1,654,923)
PROVISIONS FOR LIABILITIES	20	<u>(15,193)</u>	<u>-</u>
NET ASSETS		<u><u>2,143,529</u></u>	<u><u>2,109,201</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1,161,075	1,161,075
Share premium	22	1,775	1,775
Capital redemption reserve	22	(111,460)	(111,460)
Retained earnings	22	<u>1,092,139</u>	<u>1,057,811</u>
SHAREHOLDERS' FUNDS		<u><u>2,143,529</u></u>	<u><u>2,109,201</u></u>

The financial statements were approved by the Board of Directors on 17 June 2019 and were signed on its behalf by:

D A Lucas - Director 

LUCAS UK GROUP LIMITED (REGISTERED NUMBER: 07395451)

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	-	-
Investments	12	3,549,419	3,549,419
		<u>3,549,419</u>	<u>3,549,419</u>
CURRENT ASSETS			
Debtors	14	93,045	39,254
CREDITORS			
Amounts falling due within one year	15	<u>1,262,288</u>	<u>1,085,636</u>
NET CURRENT LIABILITIES		<u>(1,169,243)</u>	<u>(1,046,382)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,380,176	2,503,037
CREDITORS			
Amounts falling due after more than one year	16	<u>1,328,786</u>	<u>1,451,647</u>
NET ASSETS		<u><u>1,051,390</u></u>	<u><u>1,051,390</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1,161,075	1,161,075
Share premium	22	1,775	1,775
Capital redemption reserve	22	<u>(111,460)</u>	<u>(111,460)</u>
SHAREHOLDERS' FUNDS		<u><u>1,051,390</u></u>	<u><u>1,051,390</u></u>
Company's profit for the financial year		<u><u>431,048</u></u>	<u><u>24,996</u></u>

The financial statements were approved by the Board of Directors on 17 June 2019 and were signed on its behalf by:

Director



The notes form part of these financial statements

LUCAS UK GROUP LIMITED (REGISTERED NUMBER: 07395451)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,402,940	1,379,624
Interest paid		(238,345)	(115,960)
Interest element of hire purchase payments paid		(20,858)	(7,995)
Tax paid		65,493	41,890
Net cash from operating activities		<u>1,209,230</u>	<u>1,297,559</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(5,275)	(1,615)
Purchase of tangible fixed assets		(133,847)	(10,435)
Sale of tangible fixed assets		107,942	-
Interest received		11,475	275
Net cash from investing activities		<u>(19,705)</u>	<u>(11,775)</u>
Cash flows from financing activities			
New loans in year		-	1,880,000
Loan repayments in year		(39,066)	(672,482)
Hire purchase repayments		(53,541)	(49,371)
Amount withdrawn by directors		(166,287)	(543,525)
Equity dividends paid		(431,048)	(72,075)
Net cash from financing activities		<u>(689,942)</u>	<u>542,547</u>
Increase in cash and cash equivalents		<u>499,583</u>	<u>1,828,331</u>
Cash and cash equivalents at beginning of year	2	1,644,260	(184,071)
Cash and cash equivalents at end of year	2	<u><u>2,143,843</u></u>	<u><u>1,644,260</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit/(loss) before taxation	477,839	(82,656)
Depreciation charges	225,896	238,564
(Profit)/loss on disposal of fixed assets	(3,763)	8,004
Finance costs	259,203	123,955
Finance income	(11,475)	(275)
	<u>947,700</u>	<u>287,592</u>
(Increase)/decrease in stocks	(80,808)	7,922
(Increase)/decrease in trade and other debtors	(1,292,305)	1,670,420
Increase/(decrease) in trade and other creditors	<u>1,828,353</u>	<u>(586,310)</u>
Cash generated from operations	<u><u>1,402,940</u></u>	<u><u>1,379,624</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>2,143,843</u>	<u>1,644,260</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	1,644,260	153,952
Bank overdrafts	-	(338,023)
	<u>1,644,260</u>	<u>(184,071)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Lucas UK Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 December 2018. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

Turnover

Turnover represents works performed by the group (excluding value added tax) in respect of goods and services provided in the ordinary course of business. Turnover is recognised once recoverability is deemed reasonably certain. It includes sales and all invoiced completed contracts together with the value of work certified on contracts in progress where profit can be ascertained. Retentions, claims and damages are credited to turnover when released by the customer.

Intangible fixed assets

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of twenty years.

Purchased patents and trade marks are amortised over their estimated useful economic life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 25% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 33% on reducing balance, 25% on reducing balance and 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit And Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

3. TURNOVER

The turnover and profit (2017 - loss) before taxation are attributable to the principal activities of the group.

All turnover is carried out wholly within the United Kingdom for the current and preceding periods.

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	1,996,646	1,720,348
Social security costs	211,021	190,494
Other pension costs	30,439	14,854
	<u>2,238,106</u>	<u>1,925,696</u>

The average number of employees during the year was as follows:

	2018	2017
Office management	10	10
Operation management	27	27
	<u>37</u>	<u>37</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 37 (2017 - 37).

	2018 £	2017 £
Directors' remuneration	<u>15,912</u>	<u>15,912</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Hire of plant and machinery	81,271	137,680
Other operating leases	283,963	202,284
Depreciation - owned assets	71,456	66,365
Depreciation - assets on hire purchase contracts	12,327	30,352
(Profit)/loss on disposal of fixed assets	(3,763)	8,004
Goodwill amortisation	133,635	133,635
Patents and licences amortisation	3,829	3,561
Computer software amortisation	4,650	4,650
Auditors' remuneration	16,000	16,000
	<u>16,000</u>	<u>16,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	38,344	35,547
Loan interest	200,000	33,333
Loan note interest	1	47,080
Hire purchase	20,858	7,995
	<u>259,203</u>	<u>123,955</u>

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	1,976	-
Adj in respect of pr periods	(46,050)	(19,443)
Total current tax	<u>(44,074)</u>	<u>(19,443)</u>
Deferred tax	56,537	(78,351)
Tax on profit/(loss)	<u>12,463</u>	<u>(97,794)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAXATION - continued**Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit/(loss) before tax	<u>477,839</u>	<u>(82,656)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	90,789	(15,911)
Effects of:		
Expenses not deductible for tax purposes	10,968	11,512
Depreciation in excess of capital allowances	6,227	13,898
Adjustments to tax charge in respect of previous periods	(46,050)	-
Movement on provisions allowable when paid	(25,079)	-
Other adjustments	25,390	34,787
Deferred taxation	56,537	(78,594)
Enhanced research & development credit	(106,319)	(63,486)
Total tax charge/(credit)	<u>12,463</u>	<u>(97,794)</u>

8. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2018 £	2017 £
Ordinary A shares of £1 each Interim	187,000	12,500
Ordinary B shares of £1 each Interim	28,524	7,131
Ordinary C shares of £1 each Interim	Nil	32,813
Ordinary D shares of £1 each Interim	28,524	7,131
Ordinary E shares of £1 each	187,000	12,500
	<u>431,048</u>	<u>72,075</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Patents and licences £	Computer software £	Totals £
COST				
At 1 January 2018	2,672,691	36,194	46,500	2,755,385
Additions	-	5,275	-	5,275
At 31 December 2018	2,672,691	41,469	46,500	2,760,660
AMORTISATION				
At 1 January 2018	951,124	16,154	5,400	972,678
Amortisation for year	133,635	3,829	4,650	142,114
At 31 December 2018	1,084,759	19,983	10,050	1,114,792
NET BOOK VALUE				
At 31 December 2018	1,587,932	21,486	36,450	1,645,868
At 31 December 2017	1,721,567	20,040	41,100	1,782,707

11. TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2018	23,907	315,494	739,192	50,607	1,129,200
Additions	-	16,193	8,704	108,950	133,847
Disposals	-	(18,000)	(55,545)	(108,950)	(182,495)
At 31 December 2018	23,907	313,687	692,351	50,607	1,080,552
DEPRECIATION					
At 1 January 2018	10,459	234,624	601,227	50,607	896,917
Charge for year	3,362	21,748	40,515	18,158	83,783
Eliminated on disposal	-	(13,551)	(46,607)	(18,158)	(78,316)
At 31 December 2018	13,821	242,821	595,135	50,607	902,384
NET BOOK VALUE					
At 31 December 2018	10,086	70,866	97,216	-	178,168
At 31 December 2017	13,448	80,870	137,965	-	232,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 January 2018 and 31 December 2018	87,360	16,401	103,761
DEPRECIATION			
At 1 January 2018	50,140	7,244	57,384
Charge for year	9,305	3,022	12,327
At 31 December 2018	59,445	10,266	69,711
NET BOOK VALUE			
At 31 December 2018	27,915	6,135	34,050
At 31 December 2017	37,220	9,157	46,377

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2018 and 31 December 2018	3,549,419
NET BOOK VALUE	
At 31 December 2018	3,549,419
At 31 December 2017	3,549,419

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

S Lucas Group Limited

Registered office: 11 Invicta Business Park, Wrotham, UK

Nature of business: Holding company

	% holding	2018 £	2017 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		102,315	102,315
Profit for the year		431,048	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

12. FIXED ASSET INVESTMENTS - continued

Lucas Finishing Specialists Limited

Registered office: 11 Invicta Business Park, Wrotham, UK

Nature of business: Spray & painting contractors

	% holding	2018	2017
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		2,355,867	2,374,731
Profit for the year		412,184	878,508

Lucas Fit Out Limited

Registered office: 11 Invicta Business Park, Wrotham, UK

Nature of business: Specialist fit out

	% holding	2018	2017
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		646,445	459,619
Profit/(loss) for the year		186,826	(682,655)

Lucas Living Limited

Registered office: 11 Invicta Business Park, Wrotham, UK

Nature of business: Dormant

	% holding	2018	2017
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		1,000	1,000

Mural Plast Limited

Registered office: 11 Invicta Business Park, Wrotham, UK

Nature of business: Dormant

	% holding	2018	2017
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		1,000	1,000

13. STOCKS

	Group	2018	2017
		£	£
Consumables		97,525	16,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,037,534	970,140	-	-
Amounts owed by group undertakings	-	-	93,045	39,254
Amounts recoverable on contract	1,956,110	1,657,822	-	-
Other debtors	311,397	543,752	-	-
Directors' current accounts	581,585	415,298	-	-
Tax	-	19,443	-	-
Deferred tax asset	-	41,344	-	-
Prepayments and accrued income	124,772	113,150	-	-
	<u>5,011,398</u>	<u>3,760,949</u>	<u>93,045</u>	<u>39,254</u>
Amounts falling due after more than one year:				
Other debtors	-	8,500	-	-
	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>5,011,398</u>	<u>3,769,449</u>	<u>93,045</u>	<u>39,254</u>
Deferred tax asset				
	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax	-	41,344	-	-
	<u>-</u>	<u>41,344</u>	<u>-</u>	<u>-</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 17)	173,578	167,140	125,980	121,826
Other loans (see note 17)	-	26,886	-	26,886
Hire purchase contracts (see note 18)	18,492	46,725	-	-
Trade creditors	1,152,193	1,063,784	-	-
Amounts owed to group undertakings	-	2	1,136,018	934,869
Tax	1,976	-	-	-
Social security and other taxes	412,740	498,939	-	-
VAT	543,980	207,981	-	-
Other creditors	3,325	1,241	-	-
Accruals and deferred income	3,154,892	1,668,594	290	2,055
	<u>5,461,176</u>	<u>3,681,292</u>	<u>1,262,288</u>	<u>1,085,636</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 17)	456,904	629,615	328,786	451,647
Other loans (see note 17)	1,000,000	1,000,000	1,000,000	1,000,000
Hire purchase contracts (see note 18)	-	25,308	-	-
	<u>1,456,904</u>	<u>1,654,923</u>	<u>1,328,786</u>	<u>1,451,647</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	173,578	167,140	125,980	121,826
Loan notes within 1 year	-	26,886	-	26,886
	<u>173,578</u>	<u>194,026</u>	<u>125,980</u>	<u>148,712</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>194,350</u>	<u>174,654</u>	<u>144,131</u>	<u>126,700</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	262,554	454,961	184,655	324,947
Other loans	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,262,554</u>	<u>1,454,961</u>	<u>1,184,655</u>	<u>1,324,947</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	18,492	46,725
Between one and five years	-	25,308
	<u>18,492</u>	<u>72,033</u>

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	101,800	116,800
Between one and five years	130,500	232,300
In more than five years	<u>76,500</u>	<u>76,500</u>
	<u>308,800</u>	<u>425,600</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Bank loans	630,482	796,755

The bank loan and overdraft facility is jointly and severally guaranteed by Lucas UK Group Limited and its subsidiary undertakings. There is an unlimited composite guarantee of each company to secure all liabilities of each other.

The bank loan and overdraft facility is secured by floating and fixed charges over all assets of Lucas UK Group Limited and its subsidiary undertakings in favour of the bank.

20. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Deferred tax	15,193	-
Group		
		Deferred tax
		£
Balance at 1 January 2018		(41,344)
Charge to Profit And Loss Account during year		56,537
Balance at 31 December 2018		15,193

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
7,304	Ordinary A	£1	7,304	7,304
1,040	Ordinary B	£1	1,040	1,040
1,028	Ordinary C	£1	1,028	1,028
1,151,701	Redeemable Preference	£1	1,151,701	1,151,701
1	D Ordinary	£1	1	1
1	Ordinary E	£1	1	1
			1,161,075	1,161,075

22. RESERVES

Group

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 January 2018	1,057,811	1,775	(111,460)	948,126
Profit for the year	465,376			465,376
Dividends	(431,048)			(431,048)
At 31 December 2018	1,092,139	1,775	(111,460)	982,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

22. RESERVES - continued

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2018	-	1,775	(111,460)	(109,685)
Profit for the year	431,048			431,048
Dividends	(431,048)			(431,048)
At 31 December 2018	<u>-</u>	<u>1,775</u>	<u>(111,460)</u>	<u>(109,685)</u>

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

As at 31 December 2018, £581,585 was due to the group by the directors (2017: £415,298). Amounts owed to and from the directors are unsecured and repayable on demand. Interest is charged at commercial rates. The total amount repaid during the year was £463,766.

24. RELATED PARTY DISCLOSURES

At the year end the group was owed £275,247 (2017: £269,786) by companies under common directorship. There are no repayment terms and no interest is being charged. The loans are repayable on demand.

Further guarantee is given by the director secure all liabilities of subsidiary companies, limited to £650,000, supported by a mortgage over a freehold property owned by the director.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr D Lucas by virtue of his majority shareholding of the company.