

Ecotricity Group Limited

Annual report and consolidated  
financial statements

Registered number 03521776

Year ended 30 April 2018

Lynch Knoll Wind Park Ltd listed on  
page 38 as a subsidiary with the  
guarantee statement on page 39.

F WEDNESDAY



A28	*A7XARKAP*	#57
	16/01/2019	
	COMPANIES HOUSE	
A02	*A7LR673K*	#39
	28/12/2018	
	COMPANIES HOUSE	

## **Contents**

Strategic Report	3
Directors' Report	7
Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements	8
Independent auditor's report to the members of Ecotricity Group Limited	9
Consolidated Profit and Loss Account	12
Consolidated Other Comprehensive Income	13
Consolidated Balance Sheet	14
Company Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes	20

## Strategic report

The directors present their strategic report for the year ended 30 April 2018.

### Principal activities

The principal activities of Ecotricity Group Limited (the “Group”) are those of a general commercial company. The Company serves as a holding company for the Group.

#### *Group activities*

The Group’s mission is to promote sustainability in all walks of life but principally in the sectors of Energy, Transport and Food – which account for approximately 80% of the average individual’s personal carbon emissions. It does this in pursuit of its vision of a Green Britain.

The Group’s main focus is in Energy and activities fall into two main categories:

- the supply of green energy – electricity and gas, to homes and businesses in Britain and;
- the generation of power through the Group’s wind and solar park portfolio.

The unique business model we operate uses customers’ energy bills to fund the building of new sources of Green Energy, which we term ‘Bills to Mills’ – energy bills into windmills or sunmills.

Within Transport our Electric Highway, the national electric vehicle charging network, has continued to grow its membership numbers throughout the year and Forest Green Rovers Football Club, the first certified vegan football club, supports our mission in Food.

The Group operates a ‘not for dividend’ model which enables the re-investment of profits back into the mission.

### Business review

#### Trading

##### *The Supply business (The Renewable Energy Company Limited)*

2018 has been a year of significant growth in turnover for The Renewable Energy Company. During 2018, turnover in The Renewable Energy Company grew by 38.9% to £165,319k (2017: £118,990k).

In aggregate, business and domestic customer numbers were down year-on-year by 3.0% (2017: +8.8%) However, combined business and domestic customer numbers for 2018 have been skewed by a single customer, with approximately 15k underlying customers as at the end of 2017, which switched away by mutual consent towards the end of the 2018 financial year. Removing this customer from the calculation shows that customer numbers increased year-on-year by 4.4%. The slower growth to previous years is primarily as a result of increased competition in the retail supply market.

Business customer volume (gas and electric combined) has grown year on year by 62% to 495 GWh (2017: 306 GWh). This growth was primarily due to increased sales focus on higher volume business customers, specifically half-hourly metered customers, which are typically businesses with high individual consumption values. Business customer numbers also grew by 12% in the year. Domestic customer volume (gas and electric combined) showed a small increase (1%) (having removed the impact of the 15k underlying customers lost as detailed above). In addition to customer growth, turnover further benefited from a number of other factors including:

- significant periods of colder weather than seasonal averages during the winter months leading to higher customer demand; and

- a robust electricity and gas purchasing hedging policy protecting the Group's performance during periods of extreme weather and the resulting volatility in customer demand.

Operating profit grew by £8,593k to £510k (2017 operating loss: £8,083k). The improvement in turnover in the year has only partly been reflected at an operating profit level and this was in part due to the impact of change in estimate of accrued income as referenced in our 2017 accounts, and an £11,222k increase in admin expenses.

#### ***The Generation and Development business***

The Generation business currently consists of 22 wind assets (87.5 MW) (wind parks) and one solar asset (1MW) (sun park), with Alveston wind park (6.9MW) becoming operational during the second half of the financial year.

Wind generation for this financial year is higher than in 2017 mainly due to wind output in 2017 being significantly lower compared to seasonal norms.

Development projects continue to progress in the areas of energy storage, solar and green gas.

#### ***Sustainable subsidiaries***

Building a sustainable future isn't just about changing how energy is made and used, it also includes our lifestyle choices when it comes to Food and Transport. Performance in the Group's sustainable subsidiaries remains steady with progress continuing to be made across the portfolio.

### **Full year results**

The turnover of the Group has shown significant improvement year on year despite a fall in customer numbers, as described above, rising to £175,739k (2017: £126,446k). The increase is mainly due to strong trading performance in the electricity and supply business and was also assisted by higher wind volumes in our generating portfolio.

The write down of the accrued income in the previous year materially impacted consolidated gross profit for that year. This contributes towards the 74.1% increase (2017: 32.5% decrease) in gross profit in the current year - rising to £55,018k from £31,597k. The strong turnover growth and steady increase in cost of sales resulted in an improved gross profit margin of 31.3% (2017: 25.0%).

Total administration costs of £53,324k (2017: £51,005k) showed reasonable stability in comparison with the prior year as a result of a continuing drive to control costs.

Total pre-tax loss was £4,924k (2017: £22,510k (loss)). Despite the non-recurrence of the combination of one-off unfavourable events in 2017, during 2018 there has been a significant adverse movement in the share price of the Group's listed investment being a non-cash movement not within the control of the Company of £5,034k. The Consolidated Profit and Loss Account (see page 12) has been expanded in these accounts to show the profit generated from trading performance, showing a significant improvement in performance on 2017. Further analysis is shown in the following table demonstrating that the Group would have generated a profit before tax were it not for the investment fair value change (the tax charge in 2018 is also non-cash as it relates wholly to movements in deferred tax, as detailed in note 19).

#### **Non-Statutory Consolidated Profit and Loss Account for the year ended 30th April 2018**

##### **Excluding investment fair value change:**

	<b>2018</b>	<b>2017</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	175,739	126,446	+49,293
Cost of Sales	(120,721)	(94,849)	(25,872)

Gross profit	55,018	31,597	+23,421
Gross profit %	31%	25%	
Administrative expenses	(53,324)	(51,005)	(2,319)
Other operating income	5,462	2,551	+2,911
Loss on sale of fixed assets	(480)	-	(480)
<b>Trading profit</b>	<b>6,676</b>	<b>(16,857)</b>	<b>+23,533</b>
Trading profit %	4%	(13%)	
Interest receivable and similar income	75	128	(51)
Interest payable and similar charges	(6,641)	(6,138)	(390)
<b>Adjusted Profit/ (Loss) before Tax</b>	<b>110</b>	<b>(22,867)</b>	<b>+22,977</b>

The financial position remains strong with net assets at £58,911k (2017: £68,367k). In addition to the write down of the strategic investment in the year of £5,034k owing to a fall in the investment's listed share price (as described above), the decline in net assets is due to a downward revaluation of six of the wind park assets totalling £5,302k following a change in valuation methodology.

Cash and cash equivalents remain relatively stable at £11,004k compared to £12,185k in 2017 (Note 15).

Long term liabilities which stood at £113,945k as at the balance sheet date (2017: £118,638k) have declined by 4% as repayments are made in line with obligations.

## Future developments

The directors are pleased to be able to clearly demonstrate a significant turnaround of the Group during 2018 compared to 2017, not only in terms of underlying trading performance but also in the areas of cost control and strategic focus which will stand the Group in a strong position for the year to come.

Despite the challenges which energy suppliers are facing in the current financial year, which have included steep inclines in the wholesale gas and power prices as well as the introduction of the Domestic Gas and Electricity (Tariff Cap) Act 2018, the directors believe that 2019 will be another year of growth for the business.

The directors continue to commit to re-investing any profits made into the Group's projects, primarily to support the continued generation of green energy, but also its other initiatives which underpin the wider Group's mission, to promote sustainability in Energy, Transport and Food.

## Principal risks and uncertainties

The principal risks arising from the Group's activities continue to be:

### Political and regulatory risk

There have been a significant number of changes to the regulations governing the energy industry. SMART requires the Group to continue to invest resource and cost to ensure the Group remains both compliant and competitive.

The Domestic Gas and Electricity (Tariff Cap) Act 2018 came into force in July 2018. This Act places a duty on Ofgem to introduce a default tariff cap for domestic consumers on Standard Variable Tariffs (SVTs) and default tariffs. The Group has applied for, and Ofgem has confirmed that it is minded to grant, a temporary derogation (available to renewable electricity and renewable gas SVTs which meet certain criteria) in line with the process implemented by Ofgem, and is working with Ofgem with the aim of formalising the temporary derogation in January 2019 and obtaining an enduring derogation by 1st March 2019.

It still remains hard to predict, with certainty, the medium and long term effects on the economy including energy prices and Government approach to renewable energy following the EU referendum vote in June 2016 to leave the EU.

#### **Weather volatility and demand**

Variability in relation to the weather directly impacts both customer demand and the energy purchasing strategy. The supply business purchases energy both within the Group from the wider generation portfolio as well as trading on the wholesale market. In the event of low wind generation, this results in having to trade more energy in the wholesale market which could have an adverse effect on financial results.

To mitigate risk associated with weather change, operating a robust hedging model which encompasses accurate forecasting is key. This facilitates the ability to avoid short-term system imbalances as well as ensures we are adequately hedged in both the medium and long-term.

#### **Competition**

The Group is exposed to increased competition when supplying gas and electricity to both domestic and business customers. This impacts the operation in a number of ways including customer growth, customer retention, supply volume and earnings. The Group manages this risk through its ethical pricing strategy, consistent offering of excellent customer service, underpinned by its green credential status to attract like-minded customers.


#### **Financial risks**

The Group is exposed to a variety of financial risks including commodity price risk, interest rate risk, credit risk and liquidity risk. The Group monitors energy prices and analyses supply and demand volumes to manage exposure to these risks. The Group's hedging policy results in buying power and gas forward to mitigate future risk. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

#### **Post Balance Sheet Events**

Ecotricity (Alveston) Limited secured operational funding of £6.1m during August 2018 which was part used to repay the construction funding in full, for Alveston Wind Park Limited. Ecotricity (Alveston) Limited became an incorporated subsidiary on 30<sup>th</sup> April 2018.

Approved by the Board on 17 December 2018 and signed on its behalf by:

  
**E Staples**  
Director

Lion House  
Rowcroft  
Stroud  
Gloucestershire  
GL5 3BY

2018

## Directors' report

The directors present the Directors' Report and financial statements for the year ended 30 April 2018.

### Directors

The directors who held office during the year were as follows:

D Vince  
K Vince  
K Coombes (appointed 20 November 2017 and resigned 26 October 2018)  
S Crowfoot  
D Goodall (appointed 3 January 2018)  
P New (appointed 1 October 2017 and resigned 1 August 2018)  
A Rehmanwala  
E Staples (appointed 20 November 2017)  
G Peagam (appointed 6 April 2017 and resigned 6 July 2017)

### Employees

Ecotricity is committed to ensuring its development and the development of its employees including disabled employees. The Group values the differences between employees that define them as unique individuals and that diversity within the workplace is an integral part of achieving success. This includes giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities and the continuing employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company.

### Political and charitable contributions

The Group made charitable donations of £416,000 (2017: £308,000) in the year. This includes £378,000 (2017: £256,000) to the Green Britain Foundation and £9,000 (2017: £17,000) to Sustainability in Sport Foundation, charities and companies of which one of the directors is also a director.

The Group made political donations of £nil (2017: £20,000) in the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware; and that the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

By order of the board



E Staples  
Director

Lion House  
Rowcroft  
Stroud  
Gloucestershire  
GL5 3BY

2018

## **Statement of Directors' responsibilities in respect of the Annual report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of Ecotricity Group Limited

### Opinion

We have audited the financial statements of Ecotricity Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the consolidated profit and loss account, consolidated other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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's affairs as at 30 April 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the 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.

### Who we are reporting to

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.

### 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

## **Independent auditor's report to the members of Ecotricity Group Limited *(continued)***

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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 strategic report or the directors' report.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

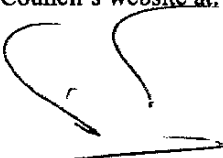
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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.

**Independent auditor's report to the members of Ecotricity Group Limited *(continued)***

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

  
**Tim Lincoln BA ACA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol

18 December 2018

**Consolidated Profit and Loss Account**  
*for the year ended 30 April 2018*

	<i>Note</i>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Turnover</b>	<b>2</b>	175,739	126,446
Cost of sales		(120,721)	(94,849)
<b>Gross profit</b>		<b>55,018</b>	<b>31,597</b>
Administrative expenses		(53,324)	(51,005)
Other operating income	<b>3</b>	5,462	2,551
Loss on sale of fixed assets	<b>11</b>	(480)	-
<b>Trading profit/(loss)</b>		<b>6,676</b>	<b>(16,857)</b>
Change in fair value of strategic investment		(5,034)	357
<b>Operating profit/(loss)</b>		<b>1,642</b>	<b>(16,500)</b>
Interest receivable and similar income	<b>7</b>	75	128
Interest payable and similar charges	<b>8</b>	(6,641)	(6,138)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>(4,924)</b>	<b>(22,510)</b>
Tax (charge)/credit on profit on ordinary activities	<b>9</b>	(693)	3,424
<b>Profit/(Loss) for the financial year</b>		<b>(5,617)</b>	<b>(19,086)</b>
<i>Profit/(Loss) attributable to:</i>			
Shareholders of the parent company		(5,335)	(18,657)
Non-controlling interests		(282)	(429)
<b>Total (loss)</b>		<b>(5,617)</b>	<b>(19,086)</b>

The notes on pages 20 to 48 form part of the financial statements.

**Consolidated Other Comprehensive Income**  
*for the year ended 30 April 2018*

	<i>Note</i>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Loss for the year</b>		(5,617)	(19,086)
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets	11	(5,302)	9,071
Deferred tax on other comprehensive income	9	1,463	(933)
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		(3,839)	8,138
<b>Total comprehensive (loss) for the year</b>		(9,456)	(10,948)
<i>Total comprehensive income attributable to:</i>			
Shareholders of the parent company		(9,174)	(10,520)
Non-controlling interests		(282)	(428)
		(9,456)	(10,948)

The notes on pages 20 to 48 form part of the financial statements.

**Consolidated Balance Sheet**  
**at 30 April 2018**

	Note	2018		2017	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Negative goodwill	10	(2,068)		(2,183)	
Other intangible assets	10	5,737		3,657	
			3,669		1,474
Tangible assets	11		165,043		171,559
Other investments	12		5,541		10,575
			174,253		183,608
<b>Current assets</b>					
Stock	13	1,499		1,680	
Debtors	14	49,174		52,949	
Cash at bank and in hand	15	12,506		18,849	
		63,179		73,478	
Creditors: amounts falling due within one year	16	(64,576)		(70,081)	
<b>Net current (liabilities)/Assets</b>			(1,397)		3,397
<b>Total assets less current liabilities</b>			172,856		187,005
Creditors: amounts falling due after more than one year	17		(100,178)		(103,901)
Provisions for liabilities			-		(200)
Deferred tax liability	19		(13,767)		(14,537)
<b>Net assets</b>			58,911		68,367
<b>Capital and reserves</b>					
Called up share capital	20		-		-
Revaluation reserve			54,538		62,300
Profit and loss account			5,330		6,764
Equity attributable to the parent's shareholders			59,868		69,064
Non-controlling interests			(957)		(697)
<b>Shareholders' funds</b>			58,911		68,367

The notes on pages 20 to 48 form part of the financial statements.

These financial statements were approved by the board of directors on 17 December 2018 and were signed by:

**E Staples**  
Director



Company registered number: 03521776

## Company Balance Sheet

at 30 April 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	10	1,036	1,257
Tangible assets	11	18,113	18,517
Investments	12	17,752	22,786
		<u>36,901</u>	<u>42,560</u>
<b>Current assets</b>			
Debtors	14	110,287	63,574
Cash at bank and in hand	15	206	796
		<u>110,493</u>	<u>64,370</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(152,958)</u>	<u>(106,399)</u>
<b>Net current liabilities</b>		<u>(42,465)</u>	<u>(42,029)</u>
<b>Total assets less current liabilities</b>		<u>(5,564)</u>	<u>531</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(2,142)</u>	<u>(3,027)</u>
<b>Net liabilities</b>		<u>(7,706)</u>	<u>(2,496)</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Profit and loss account		<u>(7,706)</u>	<u>(2,496)</u>
<b>Shareholders' deficit</b>		<u>(7,706)</u>	<u>(2,496)</u>

The financial statements consolidate the accounts of Ecotricity Group Ltd and all of its subsidiary undertakings ('subsidiaries'). Intra-group sales and profits are eliminated fully on consolidation. No individual profit and loss account is prepared for Ecotricity Group Ltd as provided by Section 408 of the Companies Act 2006, loss for the Company was £5,210k

The notes on pages 20 to 48 form part of the financial statements.

These financial statements were approved by the board of directors on 17 December 2018 and were signed by:

**E Staples**  
Director



Company registered number: 03521776

## Consolidated Statement of Changes in Equity

	Called up Share capital	Revaluation reserve	Profit and loss account	Total share- holders' equity	Non- controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2016	-	56,924	22,751	79,675	(360)	79,315
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	(18,657)	(18,657)	(429)	(19,086)
Other comprehensive income	-	8,137	-	8,137	1	8,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	8,137	(18,657)	(10,520)	(428)	(10,948)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Transactions with owners, recorded directly in equity:</i>						
Acquisition of non-controlling interests	-	-	(91)	(91)	91	-
Transfer from revaluation reserve	-	(2,761)	2,761	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(2,761)	2,670	(91)	91	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2017</b>	<b>-</b>	<b>62,300</b>	<b>6,764</b>	<b>69,064</b>	<b>(697)</b>	<b>68,367</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 20 to 48 form part of the financial statements.



### Consolidated Statement of Changes in Equity *(continued)*

	Called up Share capital	Revaluation reserve	Profit and loss account	Total share- holders' equity	Non- controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2017	-	62,300	6,764	69,064	(697)	68,367
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	(5,335)	(5,335)	(282)	(5,617)
Other comprehensive income	-	(3,839)	-	(3,839)	-	(3,839)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(3,839)	(5,335)	(9,174)	(282)	(9,456)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Transactions with owners, recorded directly in equity:</i>						
Acquisition of non-controlling interests	-	-	(22)	(22)	22	-
Transfer from revaluation reserve	-	(3,923)	3,923	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(3,923)	3,901	(22)	22	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2018</b>	<b>-</b>	<b>54,538</b>	<b>5,330</b>	<b>59,868</b>	<b>(957)</b>	<b>58,911</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 20 to 48 form part of the financial statements.

### Company Statement of Changes in Equity

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 May 2016	-	-	7,232	7,232
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(9,728)	(9,728)
Total comprehensive income for the year	-	-	(9,728)	(9,728)
<b>Balance at 30 April 2017</b>	-	-	<b>(2,496)</b>	<b>(2,496)</b>
Balance at 1 May 2017	-	-	(2,496)	(2,496)
<b>Total comprehensive income for the year</b>				
Loss	-	-	(5,210)	(5,210)
Total comprehensive income for the year	-	-	(5,210)	(5,210)
<b>Balance at 30 April 2018</b>	-	-	<b>(7,706)</b>	<b>(7,706)</b>

The notes on pages 20 to 48 form part of the financial statements.

**Consolidated Cash Flow Statement**  
*for the year ended 30 April 2018*

	<i>Note</i>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
Profit for the year		(5,617)	(19,086)
Adjustments for:			
Depreciation, amortisation and impairment		9,842	9,826
Interest receivable and similar income	7	(75)	(128)
Interest payable and similar charges	8	6,641	6,138
Loss on sale of tangible fixed assets		497	-
Loss / (Gain) on sale of intangible fixed assets		(17)	-
Change in fair value of investments		5,034	(276)
Taxation		693	(3,424)
Stock write off		133	-
Change in provisions		969	-
Amortisation of bonds		111	-
		<hr/>	<hr/>
Increase / (decrease) in trade and other debtors		18,211	(6,950)
(Decrease) / increase in stocks		2,606	9,106
		(16)	(246)
Increase / (decrease) in trade and other creditors		1,173	(852)
		<hr/>	<hr/>
Tax paid		21,974	1,058
		(1,165)	-
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>20,809</b>	<b>1,058</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		4	-
Proceeds from sale of intangible fixed assets		439	-
Proceeds from sale of other investments		650	249
Interest received		11	128
Acquisition of tangible fixed assets		(11,259)	(6,076)
Acquisition of other intangible assets	10	(484)	(1,872)
Acquisition of other investments	12	(650)	(8,308)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(11,289)</b>	<b>(15,879)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loans		3,750	14,368
Interest paid		(6,552)	(6,138)
Repayment of borrowings		(7,868)	(10,263)
Payment of finance lease liabilities		(31)	(82)
		<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>		<b>(10,701)</b>	<b>(2,115)</b>
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,181)	(16,936)
Cash and cash equivalents at 1 May		12,185	29,121
		<hr/>	<hr/>
<b>Cash and cash equivalents at 30 April</b>	15	<b>11,004</b>	<b>12,185</b>
		<hr/>	<hr/>

The notes on pages 20 to 48 form part of the financial statements.

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Ecotricity Group Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 May 2014 have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries, associates and joint ventures is its deemed cost at 1 May 2014.
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Group and Company has analysed facts and circumstances existing at 1 May 2014 rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 May 2014 the Group and Company continued to account for lease incentives under previous UK GAAP.
- Decommissioning liabilities – decommissioning costs included in the cost of the tangible fixed assets under FRS 102.17.10(c) have been measured at 1 May 2014.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a material impact in the next year are discussed in Note 25.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss, tangible fixed assets and intangible assets measured in accordance with the revaluation model and investments in associates and joint ventures measured at fair value.

#### 1.2 Going concern

Notwithstanding net current liabilities in the Company of £42,465k and net liabilities of £7,706k, the directors have prepared the financial statements on a going concern basis which is considered appropriate for the following reasons. The majority of current liabilities are owed to fellow Group companies and Group management have no intention of calling these debts in

The directors have reviewed the cash flow forecasts for the Group. In particular, the directors note that the Group's trading and cash flow performance since the balance sheet date is in line with these forecasts. With regard to the net current liabilities of the Group and taking account of reasonably possible changes in trading performance, the directors are satisfied that the Group will generate sufficient cash flows to allow the company to meet its liabilities as they fall due for payment for the foreseeable future. The group is forecast at times of peak working capital to use the overdraft facility in line with prior trading periods. The group's current overdraft facility is due for renewal by 31 March 2019 and the directors are confident that the facility will be renewed by that date and, therefore, sufficient funding will continue to be available. The Directors note that there is a balance of £16,231k within Creditors: amounts falling due within one year relating to EcoBonds 1 & 2, which have reached maturity. Redemptions can be notified by bond holders with at least 6 months' notice and the Directors are satisfied that adequate funding can be sourced or appropriate alternative action can be carried out within that timeframe in order to service the obligation should it fall due.

In their assessment of going concern, the directors have considered potential impacts of the standard variable price cap announced by Ofgem, which is expected to be implemented in January 2019.

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. However, where there is no significant influence despite a holding between 20% and 50%, this presumption can be rebutted. Investments with a holding between 20% and 50% without significant influence have been presented in the Balance Sheet within other investments.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

## 1 Accounting policies (continued)

### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### 1.5 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

### 1.6 Basic financial instruments

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Investments in ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

## 1 Accounting policies (continued)

### *Cash and cash equivalents*

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

## Notes (continued)

### 1.7 Other financial instruments

#### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

### 1.8 Tangible fixed assets

Tangible fixed assets, other than power generating assets, are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 10-50 years
- Plant and machinery 15-24 years (1/4 residual value)
- Fixtures, fittings and equipment 3-20 years
- Motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### *Revaluation*

Power generating assets are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in a revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### 1.10 Intangible assets and goodwill and negative goodwill

##### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit. The expected life of negative goodwill is 21 years.

##### Development wind and other projects

Included in intangible assets are development wind and other projects which represent the costs incurred in bringing individual wind park projects to the consented stage. Expenditure on research into identifying suitable sites and other initial costs incurred before site selection are expensed. Once site selection stage has been reached an option over the land is acquired. The option forms the basis of the development wind asset.

Subsequent directly attributable costs, including attributable labour and overhead costs, planning application costs and environmental impact studies costs over the land in respect of which the interest is held are capitalised only if there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Intangible assets, goodwill and negative goodwill (continued)

Development wind assets are not amortised until the asset is substantially complete and ready for its intended use. At the time the planning permission is approved and the option is exercised the carrying value of the project is transferred to property, plant and equipment as assets under construction. Amortisation is over the expected useful life of the related operational asset. The asset is derecognised on disposal. Where planning permission is not granted or a decision is made not to acquire the land the related assets are written off.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brand name 15 years
- Players registration over contract length

The basis for choosing these useful lives is a prudent assessment of the period in which the intangible will not require additional expenditure to refresh the brand.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 *Impairment of assets* when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, (or "CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.13 Employee benefits

##### *Defined contribution plans and other long-term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Provisions and Accruals

A provision or an accrual is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### 1.15 Turnover

Turnover comprises turnover from i) the sale of electricity and gas to industrial and commercial and domestic customers, ii) electricity generation and related renewable credits, iii) football club and iv) the sale of goods and services sold during the year.

Turnover from the sale of electricity and gas to customers is recognised when earned on the basis of a contractual agreement with the customer. It reflects the value of the volume supplied, including an estimated value of the volume supplied to customers, between the date of their last meter reading and the year end.

Turnover from electricity generation and renewable credits is recognised when power is supplied.

Sales of goods and services are recognised when goods are delivered and title has passed, along with the risks and rewards of ownership, or when the service has been performed.

Forest Green Rovers Football Club Limited receives grant funding from the English Football League relating to individual football seasons, this is recognised on a straight-line basis over the football season period (August to May). Revenues from Ticket sales, sponsorship, merchandise and food/beverages are also included within the turnover of the football club which are recognised as they occur.

#### 1.16 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable, including payments on bonds issued by Ecotricity Bonds Plc, are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Research and Development*

Certain activities within the group relate to Research and Development, expenses are recognised as they are incurred. The Research and Development claim from HMRC was accounted for in the 2018 accounts, relating to 2016 & 2017 tax returns.

#### **1.17 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

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.

#### **1.18 Forward contracts for the purchase of energy**

These contracts are entered into and continue to be held for the purpose of the receipt or delivery of electricity and gas in accordance with the entity's expected usage requirements. These contracts are not settled net in cash and are not settled with another financial instrument. As such these contracts are not accounted for as financial instruments.

## Notes (continued)

### 2 Turnover

Turnover consists of sales wholly in the United Kingdom arising on the following activities:

	2018 £'000	2017 £'000
Electric and gas supply	165,416	119,108
Electricity generation and related renewable energy credits	4,915	3,787
Football club	2,801	1,925
Other goods and services	2,607	1,626
	<u>175,739</u>	<u>126,446</u>

### 3 Other operating income

	2018 £'000	2017 £'000
Receipt from operational dispute	500	398
FtT administration income	2,102	1,410
Costs reimbursed by third party	2,100	-
R&D claim	187	-
Grants	51	224
Other income	522	519
	<u>5,462</u>	<u>2,551</u>

### 4 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets	9,601	8,892
Operating lease expenses	992	-
Amortisation of intangible fixed assets	242	133
Impairment of intangible fixed assets	-	801
Change in fair value of investment	5,034	-
Net loss on disposal of tangible fixed assets	94	3
	<u></u>	<u></u>

*Auditor's remuneration:*

	2018 £'000	2017 £'000
Audit of these financial statements	10	15
Amounts receivable by the current auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	140	131
Audit-related assurance services	-	-
Taxation compliance services	-	46
Other services relating to taxation	-	9
Corporate finance services	-	103
Other tax advisory services	-	242
	<u></u>	<u></u>

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees			
	Group 2018	Group 2017	Company 2018	Company 2017
Administration	781	735	711	697
Football club	40	50	-	-
	<u>821</u>	<u>785</u>	<u>711</u>	<u>697</u>

The aggregate payroll costs of these persons were as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Wages and salaries	22,143	20,623	19,062	18,519
Social security costs	2,079	1,989	1,800	1,731
Other pension costs	1,084	1,028	1,024	981
	<u>25,306</u>	<u>23,640</u>	<u>21,886</u>	<u>21,231</u>

### 6 Remuneration of directors

	2018 £'000	2017 £'000
Directors' remuneration	613	997
Company contributions to money purchase pension plans	16	48
	<u>629</u>	<u>1,045</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £307,000 (2017: £222,000), and company pension contributions of £nil (2017: £11,000) were made to a money purchase scheme on his behalf.

### 7 Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	75	128
	<u>75</u>	<u>128</u>

**8 Interest payable and similar charges**

	2018 £'000	2017 £'000
On bank loans and overdrafts	3,372	3,615
On Eco bonds	2,905	2,523
Other interest payable	364	-
	<u>6,641</u>	<u>6,138</u>

**9 Taxation**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

	£'000	2018 £'000	£'000	2017 £'000
<i>Current tax</i>				
Current tax on income for the year		-		-
Adjustments in respect of prior periods		-		911
Total current tax		<u>-</u>		<u>911</u>
<i>Deferred tax (see Note 19)</i>				
Origination and reversal of timing differences	(518)		(2,335)	
Change in tax rate	-		(356)	
Adjustments in respect of prior periods	(252)		(711)	
Total deferred tax		<u>(770)</u>		<u>(3,402)</u>
Total tax		<u>(770)</u>		<u>(2,491)</u>

## Notes (continued)

### 9 Taxation (continued)

	£'000	2018 £'000	£'000	£'000	2017 £'000	£'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	-	693	693	911	(4,335)	(3,424)
Recognised in other comprehensive income	-	(1,463)	(1,463)	-	933	933
Recognised directly in equity	-	-	-	-	-	-
Total tax	-	(770)	(770)	911	(3,402)	(2,491)

### Reconciliation of effective tax rate

	2018 £'000	2017 £'000
(Loss) for the year	(5,617)	(19,086)
Total tax charge/(credit)	693	(3,424)
(Loss)/Profit excluding taxation	(4,924)	(22,510)
Tax using the UK corporation tax rate of 19% (2017: 20%)	(923)	(4,484)
Change in fair value of strategic investment	1,108	-
Fixed asset differences	601	1,019
Expenses not deductible for tax purposes	1,725	1,861
Income not taxable for tax purposes	(1,394)	(1,199)
Reduction in tax rate on deferred tax balances	37	(673)
Current year losses for which no deferred tax asset was recognised	(204)	(200)
Under provided in prior years	(74)	200
Other permanent differences	(183)	52
Total tax expense/(credit) included in profit or loss	693	(3,424)

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 April 2018 has been calculated based on these rates.



## Notes (continued)

### 10 Intangible assets and goodwill

<i>Group</i>	<b>Goodwill</b>	<b>Contracts</b>	<b>Negative goodwill</b>	<b>Development assets</b>	<b>Brand name</b>	<b>Players registration</b>	<b>Carbon Foot-printing</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Cost</i>								
At beginning of year	347	95	(2,298)	3,986	3,330	100	-	5,560
Additions	-	128	-	236	-	95	25	484
Disposals	-	-	-	(732)	-	(54)	-	(786)
Transfers from tangible fixed assets	-	-	-	2,377	-	-	-	2,377
<b>At end of year</b>	<b>347</b>	<b>223</b>	<b>(2,298)</b>	<b>5,867</b>	<b>3,330</b>	<b>141</b>	<b>25</b>	<b>7,635</b>
<i>Amortisation</i>								
At beginning of year	347	8	(115)	1,755	2,073	18	-	4,086
Charge in year	-	40	(115)	40	222	49	5	241
Disposals	-	-	-	(333)	-	(28)	-	(361)
Impairment losses	-	-	-	-	-	-	-	-
<b>At end of year</b>	<b>347</b>	<b>48</b>	<b>(230)</b>	<b>1,462</b>	<b>2,295</b>	<b>39</b>	<b>5</b>	<b>3,966</b>
<i>Net book value</i>								
At 30 April 2018	-	175	(2,068)	4,405	1,035	102	20	3,669
At 30 April 2017	-	87	(2,183)	2,231	1,257	82	-	1,474

Amortisation and impairment charges are recognised as follows in the profit and loss account: £241,000 (2017: £934,000) in administrative expenses.

<i>Company</i>	<b>Brand name</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<i>Cost</i>		
At beginning of year	3,330	3,330
Additions	-	-
<b>At end of year</b>	<b>3,330</b>	<b>3,330</b>
<i>Amortisation</i>		
At beginning of year	2,073	2,073
Charged in year	221	221
<b>At end of year</b>	<b>2,294</b>	<b>2,294</b>
<i>Net book value</i>		
At 30 April 2018	1,036	1,036
At 30 April 2017	1,257	1,257

## Notes (continued)

### 10 Intangible assets and goodwill (continued)

Amortisation and impairment charges are recognised as follows in the profit and loss account: £221,000 (2017: £22,000) in administrative expenses.

### 11 Tangible fixed assets

Group	Freehold land and buildings (Historic Cost) £'000	Freehold land and buildings (Revaluation) £'000	Plant and machinery (Historic cost) £'000	Plant and machinery (Revaluation) £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Assets in course of construction £'000	Total £'000
<b>Cost or valuation</b>								
At beginning of year	8,573	2,600	9,923	147,284	15,213	1,183	12,279	197,055
Transfers to intangible fixed assets	-	-	-	-	-	-	(2,377)	(2,377)
Additions	55	-	631	-	1,492	9	9,074	11,261
Disposals	-	-	(2)	-	(210)	-	(329)	(541)
Transfers between items	-	-	8,388	645	2,227	-	(11,260)	-
Revaluations	-	-	-	(9,189)	-	-	-	(9,189)
At end of year	8,628	2,600	18,940	138,740	18,722	1,192	7,387	196,209
<b>Depreciation</b>								
At beginning of year	1,998	10	2,200	11,830	8,290	1,168	-	25,496
Charge for year	383	5	843	6,333	2,030	7	-	9,601
On disposals	-	-	(2)	-	(42)	-	-	(44)
Revaluations	-	-	-	(3,887)	-	-	-	(3,887)
At end of year	2,381	15	3,041	14,276	10,278	1,175	-	31,166
<b>Net book value</b>								
At 30 April 2018	6,247	2,585	15,899	124,464	8,444	17	7,387	165,043
At 30 April 2017	6,575	2,590	5,524	135,454	6,923	15	12,279	171,559

Included in the total net book value of freehold land and buildings is £80,000 (2017: £80,000) in respect of land which is not depreciated.

Included in the total net book value of fixtures, fittings and equipment is £96,000 (2017: £228,000) in respect of assets that were held under finance leases and similar hire purchase contracts, these contracts expired during the year. Depreciation for the year on these assets was £53,000 (2017: £53,000).

#### Revaluation

A full valuation of buildings owned by a subsidiary, Forest Green Rovers Football Club Limited, was carried out on 31 March 2016 by Andrew Watton Property Consultants.

Full external valuations were performed for wind park assets on 30 April 2013 by BDO LLP. An internal valuation was performed by the directors as at 30 April 2018.

## Notes (continued)

### 11 Tangible fixed assets (continued)

The following information relates to tangible fixed assets carried on the basis of revaluations.

	Freehold buildings		Plant and Machinery	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At full valuation	2,600	2,600	138,740	147,284
Aggregate depreciation thereon	(15)	(10)	(14,276)	(11,830)
Net book value	<u>2,585</u>	<u>2,590</u>	<u>124,464</u>	<u>135,454</u>
Historical cost of revalued assets	1,722	1,722	91,598	91,598
Aggregate depreciation thereon	(235)	(201)	(25,875)	(22,999)
Historical cost net book value	<u>1,487</u>	<u>1,521</u>	<u>65,723</u>	<u>68,599</u>

Company	Freehold buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>					
At beginning of year	7,733	14,194	253	5,784	27,964
Additions	-	1,409	-	630	2,039
Transfers between categories	-	2,180	-	(2,180)	-
Disposals	-	(210)	-	(6)	(216)
At end of year	<u>7,733</u>	<u>17,573</u>	<u>253</u>	<u>4,228</u>	<u>29,787</u>
<b>Depreciation</b>					
At beginning of year	1,719	7,477	251	-	9,447
Charge for year	299	1,956	2	-	2,257
Disposals	-	(30)	-	-	(30)
At end of year	<u>2,018</u>	<u>9,403</u>	<u>253</u>	<u>-</u>	<u>11,674</u>
<b>Net book value</b>					
At 30 April 2018	<u>5,715</u>	<u>8,170</u>	<u>-</u>	<u>4,228</u>	<u>18,113</u>
At 30 April 2017	<u>6,014</u>	<u>6,717</u>	<u>2</u>	<u>5,784</u>	<u>18,517</u>

Included in the total net book value of fixtures, fittings and equipment is £96,000 (2017: £228,000) in respect of assets that were held under finance leases and similar hire purchase contracts, these contracts expired during the year. Depreciation for the year on these assets was £53,000 (2017: £53,000).

## Notes (continued)

### 12 Fixed asset investments

<i>Group</i>	<b>Interests in associated undertakings £'000</b>	<b>Other listed investments £'000</b>	<b>Total £'000</b>
<i>Cost or valuation</i>			
At beginning of year	250	10,575	10,825
Additions	-	-	-
Disposals	-	-	-
Change in fair value	-	(5,034)	(5,034)
At end of year	250	5,541	5,791
<i>Share of post-acquisition reserves</i>			
At beginning and end of year	(185)	-	(185)
<i>Provisions</i>			
At beginning and end of year	(65)	-	(65)
<i>Net book value</i>			
At 30 April 2018	-	5,541	5,541
At 30 April 2017	-	10,575	10,575

The net book value of the Group's interests in joint ventures and associated undertakings comprises:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Joint ventures	-	(8,238)
Associates	(36)	(36)
Total liabilities	(36)	(8,274)

After the filing of the Group's 2017 accounts, it was determined that Skylark Energy Limited was no longer a going concern and as a result the loans from the joint venture partners were cancelled resulting in a significant improvement to the joint venture net liabilities position.

## Notes (continued)

### 12 Fixed asset investments (continued)

<i>Company</i>	<b>Shares in subsidiary undertakings £'000</b>	<b>Shares in associated undertakings £'000</b>	<b>Other listed investments £'000</b>	<b>Total £'000</b>
<b><i>Cost or valuation</i></b>				
At beginning of year	24,557	250	10,575	35,382
Additions	650	-	-	650
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	25,207	250	10,575	36,032
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Provisions</i></b>				
At beginning of year	12,346	250	-	12,596
Made during the year	650	-	5,034	5,684
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	12,996	250	5,034	18,280
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Net book value</i></b>				
<b>At 30 April 2018</b>	12,211	-	5,541	17,752
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2017	12,211	-	10,575	22,786
	<hr/>	<hr/>	<hr/>	<hr/>

On 30 April 2018, the Company subscribed to an additional 65,000 £10 ordinary shares in Forest Green Rovers Football Club Limited, a subsidiary undertaking. The investment was subsequently written down to £nil, as a degree of uncertainty remains over the recovery in full of the investment balance by the Group.

On 24 October 2016, the Company acquired 3,176,124 5p Ordinary shares in Good Energy Group Plc at a total cost of £8,124k with a further 21,835 for a cost of £56,000 and 50,872 for a cost of £128,000 5p Ordinary shares on 26 October 2016 and 16 November 2016 respectively. During the year, the investment has been re-measured to fair value as at 30 April 2018, resulting in a change of £5,034k (2017: a gain on revaluation of £357,000).

## Notes (continued)

### 12 Fixed asset investments (continued)

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

<i>Subsidiary undertakings</i>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>	
Ballymena Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Bambers Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Bristol Port Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Cardiff Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Dagenham Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Dalby Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Dundee Merchant Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Ecotech Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Fen Farm Solar Park Limited <sup>1,2</sup>	UK	Solar park	Ordinary	100%
Fen Farm Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Galsworthy Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Green Park Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Heck Fen Wind Park Limited <sup>1</sup>	UK	Wind park	Ordinary	75.1%
Kings Lynn Wind Park Limited <sup>1</sup>	UK	Wind park	Ordinary	100%
Lynch Knoll Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Merchant Wind Park (East Kilbride) Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Mablethorpe Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Pollington Wind Park Limited <sup>1</sup>	UK	Wind park	Ordinary	100%
Sandy Wind Turbine Limited <sup>1</sup>	UK	Wind park	Ordinary	100%
Shooters Bottom Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Somerton Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Swaffham Windpark Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Worksop Wind Park Limited <sup>1,2</sup>	UK	Wind park	Ordinary	100%
Ecotricity Generation Limited – formerly Ecotricity (Next Generation) Limited as at 30 April 2018	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Holding) Limited <sup>1</sup>	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Issuing) Limited <sup>1</sup>	UK	Holding company	Ordinary	100%
Next Generation Wind Holdings Limited <sup>1,2</sup>	UK	Holding company	Ordinary	100%
New Power Company Limited <sup>1,2</sup>	UK	Holding company	Ordinary	100%
Wind Holdings Nord Limited <sup>1,2</sup>	UK	Holding company	Ordinary	100%
Britwind Limited	UK	Manufacturing	Ordinary	100%
Ecotricity New Ventures Limited	UK	Manufacturing	Ordinary	100%
Carbonaid Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Ecobank Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Ecogas Supplies Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Eco Cars Limited <sup>1</sup>	UK	Development	Ordinary	100%
Ecotility Limited	UK	Dormant	Ordinary	100%
Ecotricity De France Limited	UK	Dormant	Ordinary	100%
Ecowater Limited	UK	Dormant	Ordinary	100%
Microtricity Limited	UK	Dormant	Ordinary	100%
Ecotalk Limited <sup>2</sup>	UK	Telecoms	Ordinary	100%
Ecotricity Bonds plc	UK	Financing	Ordinary	100%
Forest Green Rovers Football Club Limited	UK	Football club	Ordinary	96.7%
Forest Green Sun Company Limited <sup>1</sup>	UK	Rooftop solar	Ordinary	96.7%

Note 1 – shares held by a subsidiary company

## Notes (continued)

### 12 Fixed asset investments (continued)

	Country of incorporation	Principal activity	Class and percentage of shares held	
<i>Subsidiary undertakings (continued)</i>				
Ecotopia Limited <sup>2</sup>	UK	Internet retailer	Ordinary	93.6%
The Sky Mining Company Limited	UK	Trading	Ordinary	75%
The Electric Highway Company Limited	UK	Travel	Ordinary	51%
The Renewable Energy Company Limited	UK	Utilities supplier	Ordinary	100%
Alveston Wind Park Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Bambers Extension Wind Park Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Dulater Hill Wind Park Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Bicker Fen Energy Storage Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Upper Sonachan Wind Park Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Air Diamonds Company Limited <sup>1</sup>	UK	Dormant	Ordinary	100%
Ecolectricity Limited	UK	Dormant	Ordinary	100%
Ecotricity (Sparsholt Gasmill) Limited – formerly Sparsholt College Green Gasmill Limited as at 30 April 2018	UK	Dormant	Ordinary	100%
Western Windpower Limited	UK	Dormant	Ordinary	100%
Ecotricity (Alveston) Limited	UK	Dormant	Ordinary	100%
<i>Associated undertakings – associates</i>				
Dartmouth Wave Energy Limited	UK	Wave energy development	Ordinary	47.8%
<i>Associated undertakings – joint ventures</i>				
Skylark Energy Limited	UK	Wind park development	Ordinary	50%

Note 1 – shares held by a subsidiary company

All companies are registered at Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Note 2 – Ecotricity Group Limited has provided the necessary parental guarantees under section 479A of the Companies Act 2006 to enable the companies listed exemption from audit.

### 13 Stocks

	2018 £'000	2017 £'000
<b>Group</b>		
Raw materials and consumables	1,196	1,446
Work in progress	303	189
Finished goods and goods for resale	-	45
	<hr/> 1,499	<hr/> 1,680

The Company held no stocks in either year.

## Notes (continued)

### 14 Debtors

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
<i>Due within one year:</i>				
Trade debtors	25,082	19,183	197	31
Amounts owed by group undertakings	-	-	102,858	56,458
Amounts owed by associated undertakings	-	-	-	-
Other debtors	4,887	1,548	4,851	4,141
Prepayments and accrued income	19,041	30,964	1,194	1,765
Deferred tax asset	-	-	696	605
Taxation and social security	164	1,254	491	574
	<u>49,174</u>	<u>52,949</u>	<u>110,287</u>	<u>63,574</u>

Amounts owed by associated undertakings comprises loans to joint ventures of £Nil (2017: £Nil).

Included within other debtors is £961,000 (2017: £746,000) of loans to directors (see Note 24). These loans are interest free and are repayable on demand.

### 15 Cash and bank overdrafts

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
<i>Group</i>				
Cash at bank and in hand	12,506	18,849	206	796
Bank overdrafts	(1,502)	(6,664)	-	-
	<u>11,004</u>	<u>12,185</u>	<u>206</u>	<u>796</u>

Included in the Group's cash and cash equivalents balance is £11,593,000 (2017: £14,771,000) which is held in restricted accounts as dictated by external financing covenants. Although the Group can access the cash the Directors do not intend to use the restricted amounts.

### 16 Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Bank loans and overdrafts (see Note 18)	8,685	13,910	893	1,473
Bondholders (see Note 18)	16,231	16,356	-	-
Obligations under finance leases (see Note 18)	-	30	-	30
Trade creditors	12,415	22,226	249	1,689
Amounts owed to group undertakings	-	-	150,556	100,907
Taxation and social security	1,105	1,280	-	465
Other creditors	1,717	183	-	129
Accruals and deferred income	24,423	14,880	1,260	868
Corporation tax	-	1,216	-	838
	<u>64,576</u>	<u>70,081</u>	<u>152,958</u>	<u>106,399</u>



## Notes (continued)

### 17 Creditors: amounts falling due after more than one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Bank loans (see Note 18)	68,743	72,418	2,142	3,027
Bondholders (see Note 18)	31,435	31,483	-	-
Obligations under finance leases (see Note 18)	-	-	-	-
	<u>100,178</u>	<u>103,901</u>	<u>2,142</u>	<u>3,027</u>

### 18 Interest-bearing loans and borrowings

This Note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
<b>Creditors falling due after more than one year</b>				
Bank loans	68,743	72,418	2,142	3,027
Eco Bonds / Bondholders	31,435	31,483	-	-
Finance lease liabilities	-	-	-	-
	<u>100,178</u>	<u>103,901</u>	<u>2,142</u>	<u>3,027</u>
<b>Creditors falling due within less than one year</b>				
Bank loans	7,183	7,246	893	1,473
Bank overdrafts	1,502	6,664	-	-
Eco Bonds / Bondholders	16,231	16,356	-	-
Finance lease liabilities	-	30	-	30
	<u>24,916</u>	<u>30,296</u>	<u>893</u>	<u>1,503</u>
<b>Total interest-bearing loans and borrowings</b>	<u>125,094</u>	<u>134,197</u>	<u>3,035</u>	<u>4,530</u>

## Notes (continued)

### 18 Interest-bearing loans and borrowings (continued)

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Wind and solar park construction loan 1	49,418	54,452	-	-
Wind and solar park construction loan 2	19,974	20,712	-	-
Other bank loans	6,695	4,500	3,035	4,500
Bank overdrafts	1,502	6,664	-	-
Eco Bond 1	8,358	8,452	-	-
Eco Bond 2	7,769	7,904	-	-
Eco Bond 3	17,129	17,115	-	-
Eco Bond 4	14,411	14,368	-	-
Finance lease liabilities	-	30	-	30
	<u>125,256</u>	<u>134,197</u>	<u>3,035</u>	<u>4,530</u>

#### Bank overdrafts

The Group has an agreed overdraft limit of up to £17,000k with an annual interest rate of 2.55%. The terms of the overdraft are expected to be renewed by 31 March 2019.

#### Bank loans

In 2016 the Group refinanced some of its wind and solar park construction loans portfolio. This resulted in a long-term gross loan of £20,743,088 as at 30 April 2018 (2017: £21,528,664) secured on the related assets. This loan is repayable in instalments to 2034. The interest rate on this loan is 4.2% per annum.

In 2015 the Group refinanced some of its wind and solar park construction loans portfolio. This resulted in a long-term gross loan of £51,557,175 as at 30 April 2018 (2017: £56,756,700), which is the bulk of loans held at year end, secured on the related assets. This loan is repayable in instalments to 2031. The interest rate on this loan is 4.0% per annum.

In accordance with FRS102.11.13, capitalised loan issue costs of £2,908,000 (2017: £3,121,000) have been presented as a reduction to the proceeds of the construction loans and are being amortised over the loan periods.

Also included in other bank loans are a number of other loans. These are repayable by instalments between 2018 and 2030 and interest rates between 3.2% and 17.9% apply. The bank loans are secured on the wind parks or property to which they relate.

The maturity of the bank loans is as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Less than one year	7,547	7,458	893	1,473
Between one and five years	29,985	29,266	2,142	2,887
Over five years	41,462	46,061	-	140
	<u>78,994</u>	<u>82,785</u>	<u>3,035</u>	<u>4,500</u>
Less loan issue costs	(2,908)	(3,121)	-	-
	<u>76,086</u>	<u>79,664</u>	<u>3,035</u>	<u>4,500</u>

## Notes (continued)

### 18 Interest-bearing loans and borrowings (continued)

#### Eco Bonds

On 15 December 2010 the Group raised an unsecured bond ("Bond 1") of £10 million, before transaction costs, in multiples of £500. The coupon payable is 7% with an additional 0.5% for Ecotricity customers. Interest is payable every six months up to and including the date on which the bonds are redeemed. The Group may pre-pay all or any of the bonds at any time after 15 December 2014. Bondholders may, on six months' notice, at their option redeem the bonds on the later of 15 December 2014 or any subsequent anniversary thereof.

At the Bond 1 redemption notice cut-off date of 15 June 2018, the Group had received valid repayment requests totalling £101,000 (2017: £86,000).

On 16 December 2011 the Group raised an unsecured bond ("Bond 2") of £10 million, before transaction costs, in multiples of £500. The coupon payable is 6% with an additional 0.5% for Ecotricity customers. Interest is payable every six months up to and including the date on which the bonds are redeemed. The Group may pre-pay all or any of the bonds at any time after 17 December 2015. Bondholders may, on six months' notice, at their option redeem the bonds on the later of 17 December 2015 or any subsequent anniversary thereof.

At the Bond 2 redemption notice cut-off date of 17 June 2018, the Group had received valid repayment requests totalling £222,000 (2017: £114,000).

On 16 December 2015 the Group raised an unsecured bond ("Bond 3") of £17.3 million, before transaction costs, in multiples of £500. The coupon payable is 5.5% with an additional 0.5% for Ecotricity customers. Interest is payable every six months up to and including the date on which the bonds are redeemed. The Group may pre-pay all or any of the bonds at any time after 17 December 2020. Bondholders may, on six months' notice, at their option redeem the bonds on the later of 17 December 2020 or any subsequent anniversary thereof.

On 16 December 2016 the Group raised an unsecured bond ("Bond 4") of £14.5 million, before transaction costs, in multiples of £500. The coupon payable is 4.5% with an additional 0.5% for Ecotricity customers. Interest is payable every six months up to and including the date on which the bonds are redeemed. The Group may pre-pay all or any of the bonds at any time after 17 December 2021. Bondholders may, on six months' notice, at their option redeem the bonds on the later of 17 December 2021 or any subsequent anniversary thereof.

The maturity of the bonds is as follows:

	Group 2018 £'000	Group 2017 £'000
Less than one year	16,231	16,356
Between one and five years	68,743	72,418
Over five years	-	-
	<hr/>	<hr/>
	84,974	88,774
Less loan issue costs	(308)	(419)
	<hr/>	<hr/>
	84,466	88,355
	<hr/>	<hr/>

***Finance lease liabilities***

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	<b>Group 2018 £'000</b>	<b>Group 2017 £'000</b>	<b>Company 2018 £'000</b>	<b>Company 2017 £'000</b>
Less than one year	-	30	-	30
Between one and five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	30	-	30
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 19 Deferred tax assets and liabilities

<i>Deferred taxation</i>	<b>Group £'000</b>	<b>Company £'000</b>
At beginning of year	14,537	(605)
Credit/ (charge) to profit and loss for the year (see Note 9)	693	(91)
Charge to other comprehensive income for the year (see Note 9)	(1,463)	-
	<hr/>	<hr/>
At end of year	<b>13,767</b>	<b>(696)</b>
	<hr/>	<hr/>

The elements of deferred taxation are as follows:

	<b>Group 2018 £'000</b>	<b>Group 2017 £'000</b>	<b>Company 2018 £'000</b>	<b>Company 2017 £'000</b>
Accelerated capital allowances	17,010	18,039	156	87
Short term timing differences	(23)	(18)	(15)	(17)
Tax losses carried forward and other deductions	(3,220)	(3,484)	(837)	(675)
	<hr/>	<hr/>	<hr/>	<hr/>
Tax liabilities/(assets)	<b>13,767</b>	<b>14,537</b>	<b>(696)</b>	<b>(605)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

Deferred tax assets of £161,000 (2017: £161,000) have not been recognised because they are trapped in loss-making companies.

### 20 Capital and reserves

#### *Share capital*

	<b>2018 £'000</b>	<b>2017 £'000</b>
<i>Allotted, called up and fully paid</i>		
2 (2017: 2) ordinary shares of £1 each	-	-
180 (2017: 180) ordinary shares of £0.01 each	-	-
All shares carry the same voting rights	<hr/>	<hr/>

#### *Revaluation reserve*

Where tangible fixed assets are revalued, the cumulative increase in the fair value in excess of any previous impairment losses is included in the revaluation reserve.

## Notes (continued)

### 20 Capital and reserves (continued)

#### Other comprehensive income

<i>Group</i>	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total other comprehensive income £'000
Revaluation of tangible fixed assets	-	5,302	-	5,302
Income tax on other comprehensive income	-	(1,463)	-	(1,463)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other comprehensive income	-	3,839	-	3,839
	<hr/>	<hr/>	<hr/>	<hr/>

<i>Company</i>	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total other comprehensive income £'000
Total other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 21 Employee benefits

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,084,000 (2017: £1,028,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 22 Commitments

#### Capital commitments

Capital commitments at the end of the financial year for which no provision has been made are £7,985,000 (2017: £8,778,000).

## Notes (continued)

### 23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Less than one year	508	521	41	90
Between one and five years	2,091	1,938	14	55
More than five years	7,289	7,072	-	-
	<u>9,888</u>	<u>9,531</u>	<u>55</u>	<u>145</u>

During the year £741,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £694,000).

### 24 Related party disclosures and controlling party

The Company has taken advantage of the exemption contained in FRS 102.33 and has not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The Company is controlled by D Vince, a director and only shareholder of the Company. The directors are the ultimate controlling parties.

At 30 April 2018, the balance owed to the Company from D Vince is £961,000 (2017: £746,000), which is classified in other debtors (see Note 14). The balance is interest-free and is repayable on demand.

Charitable donations were made during the year to two charities of which one of the directors is also a director of the Company. These were £378,000 (2017: £256,000) to the Green Britain Foundation and £9,000 (2017: £17,000) to Sustainability in Sport Foundation.

On 30 April 2018, the Company subscribed to an additional 65,000 £10 ordinary shares in Forest Green Rovers Football Club Limited, a subsidiary undertaking, increasing the percentage shareholding owned by the Company from 96.5% to 96.7% (see Note 12). The consideration was settled through amounts owed to the Company from the subsidiary.

No transactions took place during the year with Skylark Energy Limited, a joint venture company. All transactions which took place in the prior financial year were undertaken on an arm's length basis.

	2018 £'000	2017 £'000
Proceeds on the sale of intangible fixed assets	-	-
Technical service fees	-	-
Management services and secondment fees	-	120
Transmission applications	-	-
<b>Total</b>	<u>-</u>	<u>120</u>

## Notes (continued)

### 24 Related party disclosures and controlling party (continued)

The following other transactions took place between the Company and non-wholly owned subsidiaries of the Group, over which the Company has control.

	Recharges to		Costs incurred from	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Entities over which the Company has control	479	307	(2,315)	(828)
	<u>479</u>	<u>307</u>	<u>(2,315)</u>	<u>(828)</u>
	Receivables outstanding		Creditors outstanding	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Entities over which the Company has control	1,474	1,409	(2,339)	(2,613)
	<u>1,474</u>	<u>1,409</u>	<u>(2,339)</u>	<u>(2,613)</u>

### 25 Accounting estimates and judgements

In the application on the Company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical accounting judgements in applying the Group and Company's accounting policies

- Generation asset valuation

The Group's power generating assets are stated at fair value less any subsequent accumulated depreciation and impairment losses with a quarter residual value assumed. An internal valuation was performed by the Directors as at 30 April 2018 based on the asset's forecasted discounted future cashflow. The future cashflow model assumes that the historic average generation levels recorded by the asset over its life will continue at the same rate and that the current power price agreement and renewables credits available will continue with expected inflationary increases. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate assumed by the group is the minimum rate of return the Group expects on similar investments. The assumed residual value reflects the value of the lease, which are typically longer than 24 years and plant and machinery, including the grid connection at that point. No site has yet reached the end of its 24 year economic life and so this is a management estimate. The carrying amount relating to power generating assets is £131,181,000 (2017: £135,784,000).

- REC unbilled income

Turnover calculated from energy sales includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the end of the reporting period. This is estimated using historical consumption patterns and data available upon which the Group takes a prudent position until the final reconciliation data is available. The total of accrued income relating to unbilled energy provision at year end is £24,809,000 (2017: £24,695,000).



Notes (*continued*)

**25 Accounting estimates and judgements (continued)**

During 2017 the Group changed its estimation methodology for unbilled income for gas customers. This change was made possible due to the availability of more reliable new industry information for customers' estimated annual consumption. As a result the estimate is now based upon individual customers' estimated annual consumption rather than an aggregated approach. This materially reduced turnover and the accrued income balance at 30 April 2017 by £10,983,000. There has not been any such effect on 2018.

- Bad debt provision

The Group provides for debts which are deemed to be irrecoverable. The provision is estimated by considering the ageing of the debts as well as payment method and assessing the likelihood of recoverability of specific debts. The likelihood is judged against historic patterns of recoverability. The carrying value of the provision at 30 April 2018 was £4,393,000 (2017: £2,796,000).

- Intangibles

Development costs for individual development projects are only capitalised as an intangible asset if the criteria to capitalise development expenditure set by FRS 102 Section 18 are met by the project. If the criteria are not met by the project then the development costs are expensed during the year to the profit and loss account.

The Directors review each project individually to assess whether they still comply with the criteria to capitalise development expenditure set by FRS 102 Section 18. If the criteria are no longer met due to new developments or events during the year, then the total capitalised development costs to date for that project are fully impaired. Indicators of impairment can be a rejection of planning permission, a negative outcome from an environmental impact study or if the development costs exceed the forecast future economic benefits.

- Share classification

The shares in Good Energy have remained classed as other listed investments as the presumption of the shares being an associate was rebutted as significant influence could not be demonstrated due to:

- No representation on the board
- No influence over strategic decisions

**26 Post Balance Sheet Events**

Ecotricity (Alveston) Limited secured operational funding of £6.1m during August 2018 which was part used to repay the construction funding in full, for Alveston Wind Park Limited. Ecotricity (Alveston) Limited became an incorporated subsidiary on 30<sup>th</sup> April 2018.