

Ecotricity Group Limited

**Annual report and consolidated
financial statements**

Registered number 03521776

Year ended 30 April 2017



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Strategic report

The Directors present their strategic report for the year ended 30 April 2017.

Principal activities

The principal activities of Ecotricity Group Limited (the “Group”) are those of a general commercial company focussing on sustainable and environmental businesses in energy, transport and food. The Company serves as a holding company for the Group.

Group activities

The principal activities of the Group are as follows:

- 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.

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

Business review

Trading

The Supply business

The supply business has continued to deliver strong customer meter growth in both domestic and business channels (+8.8% Financial Year 2017 (FY17), +12.4% FY16), albeit at a more moderate rate compared to historical performance, as the market continues to see increased new entrants and higher levels of switching.

Electricity customers as at the financial year end of 118,218 (FY16: 109,989) increased 7.5% (FY16: 11.9%) and gas customers of 74,520 (FY16: 67,143) were up 11.0% (FY16: 13.5%).

Despite steady growth in customer numbers throughout the period under review, underlying trading in the supply business was challenging owing to a combination of factors:

- an unseasonably mild winter led to lower demand in gas consumption;
- poor wind generation increased the need to trade during volatile wholesale periods; and
- increased grid and green costs which the supply business chose not to pass on to customers in the first half of the financial year (H1) FY17.

However, whilst underlying gross profit, being before the reduction of the gas unbilled accrual described below, in the supply business was down by £2,066k (6.9%) compared to FY16, this was only a partial driver in the material reduction in operational performance.

Write down of unbilled gas accrued income within the supply business

Following the implementation of Project Nexus in June 2017 by the gas industry systems operator, a detailed review of the unbilled gas accrued income figure in the 30 April 2017 balance sheet was undertaken. Having completed this review, it was concluded that a total of approximately £10,983k, which has accumulated over several years, was over-estimated. This value has been treated as a change in estimate which has reduced accrued income and revenue for the year ended 30 April 2017 in the supply business.

Background

Amongst other things, Project Nexus introduced a more technologically advanced system for gas suppliers, shippers and transporters to communicate with each other thereby significantly improving the accuracy of data in the industry - specifically gas consumption. Improvements in rolling annual quantity (AQ) prompted a review of the existing methodology when estimating the unbilled gas accrued income figure.

Estimation methodology

Accounting standards require the supply business to recognise revenue in relation to gas consumed by customers that has not yet been billed. This gives rise to an unbilled gas accrued income balance in the balance sheet of the supply business. As actual meter readings are rarely available for this calculation, the accrued income balance is an estimated value.

Historically, management was not sufficiently confident in the reliability of industry consumption data to perform an estimate of the unbilled consumption at an individual customer level. As a result, the consumption estimate was calculated by taking the total gas volume charged to the supply business by gas suppliers and removing the total gas volume billed to customers. A global provision for leakage within the gas system was then applied to produce the final estimated accrued income balance.

In light of reliable information becoming available for individual customers following a thorough internal review as a result of the implementation of Project Nexus, management is now confident that the consumption data is sufficiently reliable to calculate an estimate at an individual customer level and therefore the estimate of accrued income is now based on this new information. The effect of this change in estimate is to reduce the unbilled gas accrued income balance.

Effect of change in estimate

On implementation of the new methodology, the unbilled gas accrued income value in the supply business was reduced by £10,983k. This has negatively impacted both the balance sheet and profit and loss statement in the supply business as well as those of these consolidated accounts. However, the write down of the unbilled accrued income balance has no impact on the reported cash position of either the supply business or these consolidated Group accounts.

The Electricity unbilled accrued income figure remains unchanged owing to the sophisticated methodology which has been adopted since inception which ensures wholesale costs are reconciled to actual customer meter readings by electricity industry system operators.

The Generation and Development business

The Generation business consists of 21 wind assets (80.6 MW) (wind parks) and one solar asset (1MW) (sun park), with an additional wind park Alveston being constructed during the financial year. Alveston will contribute an additional 6.9MW from 3 windmills and became operational in the second half of FY18.

Despite increased capacity owing to a full year effect of Dalby, Kings Lynn, Sandy Lane and Pollington, overall wind output was significantly lower compared to seasonal norms. (-22% YoY when excluding new wind parks, -14% in total to FY16)

The Development business continued to explore new commercial opportunities, which resulted in planning permission being granted for a 6MWth Green Gas plant at Sparsholt, Hampshire which, when operational, is anticipated to be able to supply approximately 4,650 homes. In addition, development in both grid and home battery storage continues, with sites for grid storage being identified and planning sought throughout the year having already received consent for Alveston (10MW) and Wallbridge (2.5MW).

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 is steady and progress is being made in a number of areas.

The Electric Highway, the national electric vehicle charging network continued to break new barriers by charging customers to use the network. This was possible owing to the increased global demand for electric vehicles.

Britwind, a small wind turbine manufacturing and services company continues to innovate and manufacture 100% British windmills with the aim of launching the H15 horizontal 15kW turbine ready for distribution in FY18.

Forest Green Rovers (FGR) is the greenest professional football club in Britain and also serves only vegan food to both fans and footballers on its premises. The club transcends the message of sustainability into sport and continues to make significant progress both on and off the pitch which culminated in promotion to the Football League (League 2) for the first time in the club history in May 2017.

Ecotalk, the green mobile phone service, powered by the Groups 100% green electricity, intends to use any profits to buy land to give back to nature, to create vital new habitats for bees and other wildlife.

Ecobonds issued a fourth unsecured bond in December 2016 for a term of five years. The bond raised £14,532k at a coupon rate of 4.5%, increasing to 5% for Ecotricity customers. Despite two bonds (Ecobond 1 and Ecobond 2) being 'ever-green', redemptions continue to be low.

Net Debt for the year, following the Ecobond issuance, increased by £21,305k (2016: £22,277k) to £115,348k (2016: £94,043k), with cash, net of overdraft, remaining in a strong position at £12,185k (FY16: £29,121k).

Full year results

Despite strong customer growth, the write down of accrued income in the supply business has been the primary contributor to the consolidated Group's revenue of £126,446k remaining flat (2016: £126,462k).

The write down materially impacted consolidated gross profit with gross profit for the year reducing by 32.5% (2016: 11.6% decrease) to £31,597k (2016: £46,823k). As a consequence, gross profit margin diminished to 25.0% (2016: 37.0%) which was marginally compounded through customer growth mix favouring business channels which attract lower margins.

Total administration costs of £51,005k increased by 13.3% (2016: £44,999k) primarily due to having to account for a write off of £3,075k of assets, relating to the cessation of the Skylark Joint Venture. This is a one-time non-recurring event which has a nominal impact to cash of £350k. The Company's decision to write off £3,075k was actuated by the rejection of the planning applications (on appeal in both cases) for wind farm development on both the California and the Straid sites. Without planning consent, the Company deemed these sites to be of zero value and that all sums invested therein be written-off. Furthermore, having undertaken a strategic review, costs subsequently increased due to investing in a business transformation team and incurring one time re-structuring costs relating to development teams.

Total pre-tax loss was £22,510k (2016 pre-tax profit: £3,187k) owing to a combination of one-off unfavourable events (gas accrued income write off, Skylark Joint Venture write off, exceptional weather and grid volatility) the majority of which are one-time non-recurring events impacting profitability but not cash. A one-off benefit taken in the prior year from a successful litigation claim has also contributed to the year on year adverse movement in profit.

The financial position remains strong despite the write down of the unbilled gas accrued income asset and other project write downs with net assets at £65,052k (2016: £79,315k).

Future developments

The Directors believe the likelihood that the unfavourable events (gas accrued income write off, Skylark Joint Venture write off, exceptional weather and grid volatility) of the last financial year occurring in future years to be low.

The write down of the gas accrued income is anticipated to be a one-time event which will not re-occur. In addition, the Group has established a dedicated revenue assurance team to focus on all aspects of revenue generation. The Smart Meter Programme, which is underway, will assist with more accurate and timely meter data.

During the last financial year the Group continued with its development as an online energy company, with the introduction of its first app and a move to paperless billing. The Business Transformation strategy focussed on improvements to the customer service system. This will continue to be rolled out in FY18 and should complete in that year.

Working capital will be strengthened as we complete the transition from quarterly billing to monthly, which will boost cash flow.

Growth is expected to continue in the coming years, this will be particularly strong in our business channels. The Board anticipates that the financial performance of the Group will recover in FY18 with any profits being re-invested in the Group's projects which underpin the wider Group's mission, to promote sustainability in all walks of life but principally in the sectors of 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 and Project Nexus are both areas which require the Group to continue to invest resource and cost to ensure the Group remains both compliant and competitive.

The proposed energy price cap on standard variable tariffs (SVTs) announced in the Autumn 2017 statement is currently difficult to predict in terms of outcome, however the Group continues to monitor developments closely.

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.

Approved by the Board on 31 January 2018 and signed on its behalf by:



K Coombes
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 2017.

Directors

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

D Vince
K Vince
K Coombes (appointed 20 November 2017)
S Crowfoot
D Goodall (appointed 3 January 2018)
P New (appointed 1 October 2017)
A Rehmanwala
E Staples (appointed 20 November 2017)
P Wheatcroft (resigned 22 February 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 £308,000 (2016: £166,000) in the year. This includes £256,000 (2016: £123,000) to the Green Britain Foundation and £17,000 (2016: £18,000) to Sustainability in Sport, charities and companies of which one of the directors is also a director.

The Group made political donations of £20,000 (2016: £75,000) 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 KPMG LLP will therefore continue in office.

By order of the board



K Coombes
Director

Lion House
Rowcroft
Stroud
Gloucestershire
GL5 3BY

31 January 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

We have audited the financial statements of Ecotricity Group Limited for the year ended 30 April 2017 set out on pages 10 to 47. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
66 Queen Square
Bristol
BS1 4BE

21 January 2018

Consolidated Profit and Loss Account
for the year ended 30 April 2017

	<i>Note</i>	2017 £'000	2016 £'000
Turnover	2	126,446	126,462
Cost of sales		(94,849)	(79,639)
Gross profit		31,597	46,823
Administrative expenses		(51,005)	(44,999)
Other operating income	3	2,908	4,868
Group operating (loss)/profit		(16,500)	6,692
Profit on sale of fixed assets	11	-	1,860
Interest receivable and similar income	7	128	99
Interest payable and similar charges	8	(6,138)	(5,464)
(Loss)/Profit on ordinary activities before taxation		(22,510)	3,187
Tax (charge)/credit on profit on ordinary activities	9	3,424	614
(Loss)/Profit for the financial year		(19,086)	3,801
<i>(Loss)/Profit attributable to:</i>			
Shareholders of the parent company		(18,657)	4,008
Minority interests		(429)	(207)
Total (loss)/profit		(19,086)	3,801

The notes on pages 18 to 47 form part of the financial statements.

Consolidated Other Comprehensive Income

for the year ended 30 April 2017

	<i>Note</i>	2017 £'000	2016 £'000
Profit for the year		(19,086)	3,801
Other comprehensive income			
Revaluation of tangible fixed assets	11	9,071	6,350
Income tax on other comprehensive income	9	(933)	(162)
Other comprehensive income for the year, net of income tax		<u>8,138</u>	<u>6,188</u>
Total comprehensive (loss) / income for the year		<u>(10,948)</u>	<u>9,989</u>
<i>Total comprehensive income attributable to:</i>			
Shareholders of the parent company		(10,520)	10,173
Minority interests		(428)	(184)
		<u>(10,948)</u>	<u>9,989</u>

The notes on pages 18 to 47 form part of the financial statements.

Consolidated Balance Sheet
at 30 April 2017

	<i>Note</i>	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Negative goodwill	10	(2,183)		(2,298)	
Other intangible assets	10	3,657		3,167	
			1,474		869
Tangible assets	11		171,559		165,308
Other investments	12		10,575		2,287
			183,608		168,464
Current assets					
Stock	13	1,680		1,434	
Debtors	14	52,949		62,036	
Cash at bank and in hand	15	18,849		29,121	
		73,478		92,591	
Creditors: amounts falling due within one year	16	(70,081)		(66,822)	
Net current assets			3,397		25,769
Total assets less current liabilities			187,005		194,233
Creditors: amounts falling due after more than one year	17		(103,901)		(96,979)
Provisions for liabilities			(200)		-
Deferred tax liability	19		(14,537)		(17,939)
Net assets			68,367		79,315
Capital and reserves					
Called up share capital	20		-		-
Revaluation reserve			62,300		56,924
Profit and loss account			6,764		22,751
Equity attributable to the parent's shareholders			69,064		79,675
Minority interests			(697)		(360)
Shareholders' funds			68,367		79,315

The notes on pages 18 to 47 form part of the financial statements.

These financial statements were approved by the board of directors on 31 January 2018 and were signed by:



K Coombes
Director

Company registered number: 03521776

Company Balance Sheet at 30 April 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	1,257	1,479
Tangible assets	11	18,517	18,695
Investments	12	22,786	14,498
		<u>42,560</u>	<u>34,672</u>
Current assets			
Debtors	14	63,574	32,187
Cash at bank and in hand	15	796	2,987
		<u>64,370</u>	<u>35,174</u>
Creditors: amounts falling due within one year	16	<u>(106,399)</u>	<u>(57,946)</u>
Net current liabilities		<u>(42,029)</u>	<u>(22,772)</u>
Total assets less current liabilities		531	11,900
Creditors: amounts falling due after more than one year	17	(3,027)	(4,530)
Deferred tax liability	19	-	(138)
		<u>(2,496)</u>	<u>7,232</u>
Net (liabilities) / assets		<u>(2,496)</u>	<u>7,232</u>
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account		(2,496)	7,232
		<u>(2,496)</u>	<u>7,232</u>
Shareholders' (deficit) / funds		<u>(2,496)</u>	<u>7,232</u>

The notes on pages 18 to 47 form part of the financial statements.

These financial statements were approved by the board of directors on 31 January 2018 and were signed by:



K Coombes
Director

Company registered number: 03521776

Consolidated Statement of Changes in Equity

	Called up Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' equity £'000	Minority interests £'000	Total equity £'000
Balance at 1 May 2015	-	53,961	15,935	69,896	(570)	69,326
Total comprehensive income for the year						
Profit or loss	-	-	4,008	4,008	(207)	3,801
Other comprehensive income	-	6,165	-	6,165	23	6,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	6,165	4,008	10,173	(184)	9,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Transactions with owners, recorded directly in equity:</i>						
Acquisition of minority interests	-	-	(394)	(394)	394	-
Transfer from revaluation reserve	-	(3,202)	3,202	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(3,202)	2,808	(394)	394	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2016	-	56,924	22,751	79,675	(360)	79,315
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 18 to 47 form part of the financial statements.

Consolidated Statement of Changes in Equity *(continued)*

	Called up Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' equity £'000	Minority interests £'000	Total equity £'000
Balance at 1 May 2016	-	56,924	22,751	79,675	(360)	79,315
Total comprehensive income for the year						
Profit or loss	-	-	(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 minority 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/>
Balance at 30 April 2017	-	62,300	6,764	69,064	(697)	68,367
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 18 to 47 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 2015	-	-	6,996	6,996
Total comprehensive income for the year				
Profit or loss	-	-	236	236
Total comprehensive income for the year	-	-	236	236
Balance at 30 April 2016	-	-	7,232	7,232
Balance at 1 May 2016	-	-	7,232	7,232
Total comprehensive income for the year				
Profit or loss	-	-	(9,728)	(9,728)
Total comprehensive income for the year	-	-	(9,728)	(9,728)
Balance at 30 April 2017	-	-	(2,496)	(2,496)

The notes on pages 18 to 47 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit for the year		(19,086)	3,801
Adjustments for:			
Depreciation, amortisation and impairment		9,826	9,780
Interest receivable and similar income	7	(128)	(99)
Interest payable and similar charges	8	6,138	5,405
Loss on sale of tangible fixed assets		-	17
Loss / (Gain) on sale of intangible fixed assets		-	(1,860)
Change in fair value of investments		(276)	-
Taxation		(3,424)	(614)
		(6,950)	16,430
Increase / (Decrease) in trade and other debtors	14	9,106	(13,017)
Increase in stocks	13	(246)	(237)
(Decrease) / Increase in trade and other creditors	16,17	(852)	7,242
		1,058	10,418
Tax paid		-	(1,134)
Net cash from operating activities		1,058	9,284
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	-
Proceeds from sale of intangible fixed assets		-	2,700
Proceeds from sale of other investments		249	-
Interest received		128	99
Acquisition of a subsidiary		-	(2,450)
Acquisition of tangible fixed assets	11	(6,076)	(16,674)
Acquisition of other intangible assets	10	(1,872)	(7,455)
Acquisition of other investments	12	(8,308)	(2,262)
Net cash from investing activities		(15,879)	(26,042)
Cash flows from financing activities			
Proceeds from new loans	18	14,368	38,591
Interest paid	8	(6,138)	(5,405)
Repayment of borrowings		(10,263)	(13,751)
Payment of finance lease liabilities		(82)	(76)
Net cash from financing activities		(2,115)	19,359
Net (decrease) / increase in cash and cash equivalents		(16,936)	2,601
Cash and cash equivalents at 1 May		29,121	26,520
Cash and cash equivalents at 30 April	15	12,185	29,121

The notes on pages 18 to 47 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 FRS102 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 £42,634k and net liabilities of £3,101k, 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 Company 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 parent company to meet its liabilities as they fall due for payment for at least the next 12 months. The group is forecast at times of peak working capital to use the overdraft facility. The group's current overdraft facility is due for renewal by 31 March 2018 and the Directors are confident that the facility will be renewed by that date and, therefore, sufficient funding will continue to be available

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 2017. 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 investors holds between 20% and 50% of the equity voting rights.

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.

Notes (continued)

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.

Notes (continued)

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.

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 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

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.

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

A provision 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

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

Revenue 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.

Revenue from electricity generation 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.

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 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.

Notes (continued)

1 Accounting policies (continued)

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.

Notes (continued)

2 Turnover

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

	2017 £'000	2016 £'000
Electric and gas supply	119,108	117,202
Electricity generation and related renewable energy credits	3,787	4,464
Football club	1,925	1,098
Other goods and services	1,626	3,698
	<u>126,446</u>	<u>126,462</u>

3 Other operating income

	2017 £'000	2016 £'000
Receipt from operational dispute	398	2,195
FiT administration income	1,410	1,635
Grants	224	439
Gain on remeasurement of investments at fair value (see Note 12)	357	475
Other income	519	124
	<u>2,908</u>	<u>4,868</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets	8,892	8,033
Amortisation of intangible fixed assets	133	222
Impairment of intangible fixed assets	801	1,525
Net loss on disposal of tangible fixed assets	3	17
	<u></u>	<u></u>

Auditor's remuneration:

	2017 £'000	2016 £'000
Audit of these financial statements	15	11
Amounts receivable by the current auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	131	95
Audit-related assurance services	-	1
Taxation compliance services	46	45
Other services relating to taxation	9	10
Corporate finance services	103	-
Other tax advisory services	242	206
	<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	
	2017	2016
Administration	735	580
Football club	50	47
	<u>785</u>	<u>627</u>

The aggregate payroll costs of these persons were as follows:

	2017 £'000	2016 £'000
Wages and salaries	20,623	17,068
Social security costs	1,989	1,650
Other pension costs	1,028	817
	<u>23,640</u>	<u>19,535</u>

6 Remuneration of directors

	2017 £'000	2016 £'000
Directors' remuneration	997	1,067
Company contributions to money purchase pension plans	48	36
	<u>1,045</u>	<u>1,103</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £222,000 (2016: £240,000), and company pension contributions of £11,000 (2016: £11,000) were made to a money purchase scheme on his behalf.

Notes (continued)

7 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest receivable	128	99

8 Interest payable and similar charges

	2017 £'000	2016 £'000
On bank loans and overdrafts	3,615	3,596
On Eco bonds	2,523	1,809
Foreign exchange loss	-	59
	6,138	5,464

9 Taxation

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

	2017 £'000	2016 £'000
<i>Current tax</i>		
Current tax on income for the year		-
Adjustments in respect of prior periods	911	69
Total current tax		69
<i>Deferred tax (see Note 20)</i>		
Origination and reversal of timing differences	(2,335)	277
Change in tax rate	(356)	(774)
Adjustments in respect of prior periods	(711)	(24)
Total deferred tax	(3,402)	(521)
Total tax	(2,491)	(452)

Notes (continued)

9 Taxation (continued)

	£'000	2017 £'000	£'000	£'000	2016 £'000	£'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	911	(4,335)	(3,424)	69	(683)	(614)
Recognised in other comprehensive income	-	933	933	-	162	162
Recognised directly in equity	-	-	-	-	-	-
Total tax	911	(3,402)	(2,491)	69	(521)	(452)

Reconciliation of effective tax rate

	2017 £'000	2016 £'000
(Loss)/Profit for the year	(19,086)	3,801
Total tax credit	(3,424)	(614)
(Loss)/Profit excluding taxation	(22,510)	3,187
Tax using the UK corporation tax rate of 20% (2016: 20.92%)	(4,484)	637
Fixed asset differences	1,952	3,312
Expenses not deductible for tax purposes	1,861	-
Income not taxable for tax purposes	(1,199)	(2,453)
Reduction in tax rate on deferred tax balances	(673)	(1,975)
Deferred tax credited directly to other comprehensive income	(933)	(162)
Current year losses for which no deferred tax asset was recognised	(200)	(18)
Under provided in prior years	200	45
Other permanent differences	52	-
Total tax expense/(credit) included in profit or loss	(3,424)	(614)

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 2017 has been calculated based on these rates.

Notes (continued)

10 Intangible assets and goodwill

<i>Group</i>	Goodwill £'000	Negative goodwill £'000	Development assets £'000	Brand name registration £'000	Players £'000	Total £'000
<i>Cost</i>						
At beginning of year	347	(2,298)	8,319	3,330	-	9,698
Additions	95	-	1,677	-	100	1,872
Disposals	-	-	(333)	-	-	(333)
Transfers to tangible fixed assets	-	-	-	-	-	-
At end of year	442	(2,298)	9,663	3,330	100	11,237
<i>Amortisation</i>						
At beginning of year	347	-	6,631	1,851	-	8,829
Charge in year	8	(115)	-	222	18	133
Impairment losses	-	-	801	-	-	801
At end of year	355	(115)	7,432	2,073	18	9,763
<i>Net book value</i>						
At 30 April 2017	87	(2,183)	2,231	1,257	82	1,474
At 30 April 2016	-	(2,298)	1,688	1,479	-	869

Amortisation and impairment charges are recognised as follows in the profit and loss account: £ 934,000 (2016: £1,747,000) in administrative expenses. Negative goodwill arose on the acquisition of a subsidiary in the prior year.

<i>Company</i>	Brand name £'000
<i>Cost</i>	
At beginning and end of year	3,330
<i>Amortisation</i>	
At beginning of year	1,851
Charged in year	222
At end of year	2,073
<i>Net book value</i>	
At 30 April 2017	1,257
At 30 April 2016	1,479

Amortisation and impairment charges are recognised as follows in the profit and loss account: £222,000 (2016: £222,000) in administrative expenses.

Notes (continued)

11 Tangible fixed assets

<i>Group</i>	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Assets in course of construction £'000	Total £'000
<i>Cost or valuation</i>						
At beginning of year	11,173	148,219	14,031	1,262	8,301	182,986
Transfers from intangible fixed assets	-	-	-	-	-	-
Additions	-	591	840	11	4,634	6,076
Disposals	-	(4)	(20)	(90)	-	(114)
Transfers between items	-	294	362	-	(656)	-
Revaluations	-	8,107	-	-	-	8,107
At end of year	11,173	157,207	15,213	1,183	12,279	197,055
<i>Depreciation</i>						
At beginning of year	1,614	8,111	6,709	1,244	-	17,678
Charge for year	394	6,884	1,601	14	-	8,893
On disposals	-	(1)	(20)	(90)	-	(111)
Revaluations	-	(964)	-	-	-	(964)
At end of year	2,008	14,030	8,290	1,168	-	25,496
<i>Net book value</i>						
At 30 April 2017	9,165	143,177	6,923	15	12,279	171,559
At 30 April 2016	9,559	140,108	7,322	18	8,301	165,308

Included in the total net book value of freehold land and buildings is £80,000 (2016: £80,000) in respect of land which is not depreciated.

Included in the total net book value of fixtures, fittings and equipment is £228,000 (2016: £228,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £53,000 (2016: £53,000).

Revaluation

A full valuation of buildings owned by a subsidiary, Forest Green Rovers Football Club Limited, was carried out on 31 March 2017 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 2017.

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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At full valuation	2,600	2,600	147,284	141,063
Aggregate depreciation thereon	(10)	(5)	(11,830)	(6,727)
Net book value	2,590	2,595	135,454	134,336
Historical cost of revalued assets	1,722	1,722	91,598	78,589
Aggregate depreciation thereon	(201)	(167)	(22,999)	(20,263)
Historical cost net book value	1,521	1,555	68,599	58,326

Company	Freehold buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Assets in course of construction £'000	Total £'000
Cost					
At beginning of year	7,733	13,116	343	5,191	26,383
Additions	-	800	-	891	1,691
Transfers between categories	-	298	-	(298)	-
Disposals	-	(20)	(90)	-	(110)
At end of year	7,733	14,194	253	5,784	27,964
Depreciation					
At beginning of year	1,415	5,940	333	-	7,688
Charge for year	304	1,557	8	-	1,869
Disposals	-	(20)	(90)	-	(110)
At end of year	1,719	7,477	251	-	9,447
Net book value					
At 30 April 2017	6,014	6,717	2	5,784	18,517
At 30 April 2016	6,318	7,176	10	5,191	18,695

Included in the total net book value of fixtures, fittings and equipment is £ 228,000 (2016: £228,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £53,000 (2016: £53,000).

Notes (continued)

12 Fixed asset investments

<i>Group</i>	Interests in associated undertakings £'000	Other listed investments £'000	Total £'000
<i>Cost or valuation</i>			
At beginning of year	250	2,287	2,537
Additions	-	8,511	8,511
Disposals	-	(223)	(223)
	<hr/>	<hr/>	<hr/>
At end of year	250	10,575	10,825
	<hr/>	<hr/>	<hr/>
<i>Share of post-acquisition reserves</i>			
At beginning and end of year	(185)	-	(185)
	<hr/>	<hr/>	<hr/>
<i>Provisions</i>			
At beginning and end of year	65	-	65
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 2017	-	10,575	10,575
	<hr/>	<hr/>	<hr/>
At 30 April 2016	-	2,287	2,287
	<hr/>	<hr/>	<hr/>

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

	2017 £'000	2016 £'000
Joint ventures	(8,238)	(3,407)
Associates	(36)	(36)
	<hr/>	<hr/>
Total liabilities	(8,274)	(3,443)
	<hr/>	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

<i>Company</i>	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Other listed investments £'000	Total £'000
<i>Cost or valuation</i>				
At beginning of year	22,457	250	2,287	24,994
Additions	2,100	-	8,511	10,611
Disposals	-	-	(223)	(223)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	24,557	250	10,575	35,382
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At beginning of year	10,246	250	-	10,496
Made during the year	2,100	-	-	2,100
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	12,346	250	-	12,596
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 April 2017	12,211	-	10,575	22,786
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2016	12,211	-	2,287	14,498
	<hr/>	<hr/>	<hr/>	<hr/>

On 30 April 2017, the Company subscribed to an additional 210,000 £10 ordinary shares in Forest Green Rovers Football Club Limited, a subsidiary undertaking. The investment was subsequently written down to £nil, as the subsidiary continues to be loss-making.

Between 26 September 2016 and 4 October 2016, the Company sold 100,000 5p Ordinary shares in Good Energy Group Plc for total proceeds of £249k. 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. The investment was subsequently remeasured to fair value as at 30 April 2016, resulting in a gain 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:

	Country of incorporation	Principal activity	Class and percentage of shares held	
<i>Subsidiary undertakings</i>				
Ballymena Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Bambers Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Bristol Port Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Cardiff Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Dagenham Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Dalby Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Dundee Merchant Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Ecotech Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Fen Farm Solar Park Limited ¹	UK	Solar park	Ordinary	100%
Fen Farm Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Galsworthy Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Green Park Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Heck Fen Wind Park Limited ¹	UK	Wind park	Ordinary	75.1%
Kings Lynn Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Lynch Knoll Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Merchant Wind Park (East Kilbride) Limited ¹	UK	Wind park	Ordinary	100%
Mablethorpe Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Pollington Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Sandy Wind Turbine Limited ¹	UK	Wind park	Ordinary	100%
Shooters Bottom Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Somerton Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Swaffham Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Worksop Wind Park Limited ¹	UK	Wind park	Ordinary	100%
Ecotricity (Next Generation) Limited *	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Holding) Limited ^{1*}	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Issuing) Limited ^{1*}	UK	Holding company	Ordinary	100%
Next Generation Wind Holdings Limited ¹	UK	Holding company	Ordinary	100%
New Power Company Limited ¹	UK	Holding company	Ordinary	100%
Wind Holdings Nord Limited ^{1*}	UK	Holding company	Ordinary	100%
Britwind Limited *	UK	Manufacturing	Ordinary	100%
Eco Cars Limited	UK	Development	Ordinary	100%
Ecotalk Limited *	UK	Telecoms	Ordinary	100%
Ecotricity Bonds plc *	UK	Financing	Ordinary	100%
Ecotopia Limited *	UK	Internet retailer	Ordinary	93.6%
Forest Green Rovers Football Club Limited *	UK	Football club	Ordinary	96.5%
Forest Green Sun Company Limited ^{1*}	UK	Rooftop solar	Ordinary	96.5%
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%

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>				
Alveston Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Bambers Extension Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Banbury Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Dagenham 2 Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Dulater Hill Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Hethel Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Inch Moor Wind Park Limited ¹	UK	Dormant	Ordinary	100%
London Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Lydiard Fields Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Manchester City Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Milton Keynes Wind Park Limited ¹	UK	Dormant	Ordinary	100%
North Harbour Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Northampton Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Bicker Fen Energy Storage Limited ¹	UK	Dormant	Ordinary	100%
Street Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Swaffham II Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Swindon Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Upper Sonachan Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Wakefield Wind Park Limited ¹	UK	Dormant	Ordinary	100%
Air Diamonds Company Limited ^{1*}	UK	Dormant	Ordinary	100%
British Green Electricity Limited	UK	Dormant	Ordinary	100%
British Green Gas Limited	UK	Dormant	Ordinary	100%
British Green Power Limited	UK	Dormant	Ordinary	100%
Carbon Bank Limited	UK	Dormant	Ordinary	100%
Carbon Savings Bank Limited	UK	Dormant	Ordinary	100%
Carbonade Limited	UK	Dormant	Ordinary	100%
Carbonaid Limited	UK	Dormant	Ordinary	100%
Crystal Systems Limited	UK	Dormant	Ordinary	100%
Dale Vince Limited	UK	Dormant	Ordinary	100%
Eco Telecom Limited	UK	Dormant	Ordinary	100%
Eco.net (UK) Limited	UK	Dormant	Ordinary	100%
Ecobank Limited	UK	Dormant	Ordinary	100%
Ecogas Supplies Limited	UK	Dormant	Ordinary	100%
Ecoelectricity Limited	UK	Dormant	Ordinary	100%
Ecotility Limited	UK	Dormant	Ordinary	100%
Ecotricity De France Limited	UK	Dormant	Ordinary	100%
Ecotricity Doing The Right Thing Limited	UK	Dormant	Ordinary	100%
Ecotricity Juice Limited	UK	Dormant	Ordinary	100%
Ecotricity New Energy Limited	UK	Dormant	Ordinary	100%
Ecowater Limited	UK	Dormant	Ordinary	100%

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>				
Gearoid Lane Limited	UK	Dormant	Ordinary	100%
Microtricity Limited	UK	Dormant	Ordinary	100%
One Planet Bank Limited	UK	Dormant	Ordinary	100%
Sparsholt College Green Gasmill Limited *	UK	Dormant	Ordinary	100%
The Ministry of Carbon Limited	UK	Dormant	Ordinary	100%
The Vince Car Company Limited	UK	Dormant	Ordinary	100%
Urbine Limited	UK	Dormant	Ordinary	100%
Western Wind Power Limited *	UK	Dormant	Ordinary	100%
Windtricity Limited	UK	Dormant	Ordinary	100%
Zero Energy Limited	UK	Dormant	Ordinary	100%
Zero Food Limited	UK	Dormant	Ordinary	100%
Zero Limited	UK	Dormant	Ordinary	100%
Zero Trading Limited	UK	Dormant	Ordinary	100%
Zero Transport 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 172 Southgate Street, Gloucester, Gloucestershire, GL1 2EZ except for those denoted * which are registered at Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotricity Group Limited has provided the necessary parental guarantees under section 479A of the Companies Act 2006 to enable Eco Cars Limited and Ecotalk Limited exemption from audit

13 Stocks

	2017 £'000	2016 £'000
<i>Group</i>		
Raw materials and consumables	1,446	1,248
Work in progress	189	100
Finished goods and goods for resale	45	86
	<hr/> 1,680	<hr/> 1,434

The Company held no stocks in either year.

Notes (continued)

14 Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
<i>Due within one year:</i>				
Trade debtors	19,183	15,296	31	-
Amounts owed by group undertakings	-	-	56,458	23,986
Amounts owed by associated undertakings	-	2,057	-	2,057
Other debtors	1,548	2,098	4,141	4,586
Prepayments and accrued income	30,964	38,537	1,765	1,558
Deferred tax asset	-	-	605	-
Taxation and social security	1,254	4,048	574	-
	<u>52,949</u>	<u>62,036</u>	<u>63,574</u>	<u>32,187</u>

Amounts owed by associated undertakings comprises loans to joint ventures of £Nil (2016: £2,057,000).

Included within other debtors is £746,000 (2016: £Nil) of loans to directors (see Note 24). These loans are interest free and are repayable on demand.

15 Cash and bank overdrafts

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
<i>Group</i>				
Cash at bank and in hand	18,849	29,121	796	2,987
Bank overdrafts	(6,664)	-	-	-
	<u>12,185</u>	<u>29,121</u>	<u>796</u>	<u>2,987</u>

Included in the Group's cash and cash equivalents balance is £14,771k (2016: £14,393k) 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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans and overdrafts (see Note 18)	13,910	7,046	1,473	1,636
Bondholders (see Note 18)	16,356	19,057	-	-
Obligations under finance leases (see Note 18)	30	82	30	82
Trade creditors	22,226	24,084	1,689	916
Amounts owed to group undertakings	-	-	100,907	51,925
Taxation and social security	1,280	3,381	465	400
Other creditors	183	2,320	129	1,606
Accruals and deferred income	14,880	10,852	868	1,252
Corporation tax	1,216	-	838	129
	<u>70,081</u>	<u>66,822</u>	<u>106,399</u>	<u>57,946</u>

Included within other creditors in the prior year was £1,485,000 of loans from directors (see Note 24). These loans are interest free and are repayable on demand.

Notes (continued)

17 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans (see Note 18)	72,418	79,674	3,027	4,500
Bondholders (see Note 18)	31,483	17,275	-	-
Obligations under finance leases (see Note 18)	-	30	-	30
	<u>103,901</u>	<u>96,979</u>	<u>3,027</u>	<u>4,530</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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Creditors falling due after more than one year				
Bank loans	72,418	79,674	3,027	4,500
Eco Bonds / Bondholders	31,483	17,275	-	-
Finance lease liabilities	-	30	-	30
	<u>103,901</u>	<u>96,979</u>	<u>3,027</u>	<u>4,530</u>
Creditors falling due within less than one year				
Bank loans	7,246	7,046	1,473	1,636
Bank overdrafts	6,664			
Eco Bonds / Bondholders	16,356	19,057	-	-
Finance lease liabilities	30	82	30	82
	<u>30,296</u>	<u>26,185</u>	<u>1,503</u>	<u>1,718</u>
Total interest-bearing loans and borrowings	<u>134,197</u>	<u>123,164</u>	<u>4,530</u>	<u>6,248</u>

Notes (continued)

18 Interest-bearing loans and borrowings (continued)

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Wind and solar park construction loan 1	54,452	59,222	-	-
Wind and solar park construction loan 2	20,712	21,320	-	-
Other bank loans	4,500	6,178	4,500	6,136
Bank overdrafts	6,664	-	-	-
Eco Bond 1	8,452	9,548	-	-
Eco Bond 2	7,904	9,509	-	-
Eco Bond 3	17,115	17,275	-	-
Eco Bond 4	14,368	-	-	-
Finance lease liabilities	30	112	30	112
	<u>134,197</u>	<u>123,164</u>	<u>4,530</u>	<u>6,248</u>

Bank overdrafts

The Group has an agreed overdraft limit of up to £13,500k with an annual interest rate of 2.4%. The terms of the overdraft are expected to be renewed by 31 March 2018.

Bank loans

During the previous year the Group refinanced some of its wind and solar park construction loans portfolio. This resulted in a long-term gross loan of £21,529,000 as at 30 April 2017 (2016: £22,191,000) 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 £56,757,000 as at 30 April 2017 (2016: £61,684,000), 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 (2016: 4.0%).

In accordance with FRS102.11.13, capitalised loan issue costs of £3,121,000 (2016: £3,333,000) 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 2017 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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Less than one year	7,458	7,268	1,473	1,636
Between one and five years	29,266	29,612	2,887	3,958
Over five years	46,061	53,173	140	542
	<u>82,785</u>	<u>90,053</u>	<u>4,500</u>	<u>6,136</u>
Less loan issue costs	(3,121)	(3,333)	-	-
	<u>79,664</u>	<u>86,720</u>	<u>4,500</u>	<u>6,136</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 2017, the Group had received valid repayment requests totalling £86,000 (2016: £303,000).

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 2017, the Group had received valid repayment requests totalling £114,000 (2016: £756,000).

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 15 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 16 December 2021. Bondholders may, on six months' notice, at their option redeem the bonds on the later of 16 December 2021 or any subsequent anniversary thereof.

Finance lease liabilities

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Less than one year	30	82	30	82
Between one and five years	-	30	-	30
	<u>30</u>	<u>112</u>	<u>30</u>	<u>112</u>

Notes (continued)

19 Deferred tax assets and liabilities

<i>Deferred taxation</i>	Group £'000	Company £'000
At beginning of year	17,939	138
Credit to profit and loss for the year (see Note 10)	(4,335)	(743)
Charge to other comprehensive income for the year (see Note 10)	933	-
At end of year	14,537	(605)

The elements of deferred taxation are as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Accelerated capital allowances	18,039	17,939	87	138
Short term timing differences	(18)	-	(17)	-
Tax losses carried forward and other deductions	(3,484)	-	(675)	-
Tax liabilities/(assets)	14,537	17,939	(605)	138

Deferred tax assets of £161,000 (2016: £161,000) have not been recognised because they are trapped in loss-making companies.

20 Capital and reserves

Share capital

	2017 £'000	2016 £'000
<i>Allotted, called up and fully paid</i>		
2 (2016: 2) ordinary shares of £1 each	-	-
180 (2016: 180) ordinary shares of £0.01 each	-	-

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)

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Less than one year	521	548	90	136
Between one and five years	1,938	1,874	55	76
More than five years	7,072	7,587	-	-
	<u>9,531</u>	<u>10,009</u>	<u>145</u>	<u>212</u>

During the year £694,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £634,000).

24 Related party disclosures

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 2017, the balance owed to the Company from D Vince is £746,000 (2016: £1,485,000 creditor), 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 £256,000 (2016: £123,000) to the Green Britain Foundation and £17,000 (2016: £18,000) to Sustainability in Sport.

On 30 April 2017, the Company subscribed to an additional 210,000 £10 ordinary shares in Forest Green Rovers Football Club Limited, a subsidiary undertaking, increasing the percentage shareholding owned by the Company from 95.7% to 96.5% (see Note 12). The consideration was settled through amounts owed to the Company from the subsidiary.

The following transactions took place during the year with Skylark Energy Limited, a joint venture company. All transactions were undertaken on an arm's length basis.

	2017 £'000	2016 £'000
Proceeds on the sale of intangible fixed assets	-	2,700
Technical service fees	-	1,200
Management services and secondment fees	120	160
Transmission applications	-	186
Total	<u>120</u>	<u>4,246</u>

In the previous financial period the Company sold development wind park assets developed by the Group to Skylark Energy Limited for proceeds of £2,700,000. No such transactions occurred in the current period.

Notes (continued)

24 Related party disclosures (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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Entities over which the Company has control	307	234	(828)	(239)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Receivables outstanding		Creditors outstanding	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Entities over which the Company has control	1,409	1,230	(2,613)	(833)
	<u> </u>	<u> </u>	<u> </u>	<u> </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 2017 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 £135,784,000 (2016: £117,814,000).

- REC unbilled income

Revenue 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 £24,695,000 (2016: £36,088,000).

Notes (continued)

25 Accounting estimates and judgements (continued)

During the year 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 has materially reduced revenue and the accrued income balance at 30 April 2017 by £10,983k.

- 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 2017 was £2,796,000 (2016: £2,474,000).

- 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.