

Registered number 03899612

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**GOOD ENERGY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**GOOD ENERGY LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Juliet Davenport  
John Sellers  
Martin Edwards  
Jon Fairchild

**SECRETARY**

Ovalsec Limited

**COMPANY NUMBER**

03899612

**REGISTERED OFFICE**

2 Temple Back East  
Temple Quay  
Bristol  
BS1 6EG

**AUDITORS**

Calder & Co  
Chartered Accountants and Registered Auditor  
1 Regent Street  
London  
SW1Y 4NW

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**GOOD ENERGY LIMITED**

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## **GOOD ENERGY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

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The directors present their report and the financial statements for the year ended 31 December 2006

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **DIRECTORS**

The directors who served during the year were

Juliet Davenport  
John Sellers  
Martin Edwards  
Jon Fairchild

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £382,667 (2005 - Loss £223,842)

The directors do not recommend the payment of a dividend

#### **PRINCIPAL ACTIVITIES**

The company's principal activity during the year was the supply of electricity from renewable energy sources

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## GOOD ENERGY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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#### BUSINESS REVIEW

The results for the year and financial position of the company are as shown in the following financial statements

The overall aim of the company and its fellow group companies continues to be the provision of goods and services for Climate Change solutions, with the current focus on the electricity market. With the Good Energy brand now firmly established, we are also investigating the possibilities for further products.

From an operational point of view, 2006 has been a difficult year. It has been a year of re-organisation and consolidation, with Good Energy being required to bring all of its outsourced services in-house and to move office, all ahead of original plan. In a year when sales expansion could not be our main priority, revenues in 2006 nevertheless increased by 62% over the previous year. While a significant part of this is the effect of pricing action, customer numbers at the end of the year were 15% up on 2005 - our sixth year of continuous increase - with this level of customer growth continuing in 2007.

Good Energy attracted many new customers in 2006, and by the end of the year was supplying a total of 20,662 domestic households and businesses. In September 2006 the marketing and sales team was significantly strengthened by the appointment of Penelope Chapple (previously of Body Shop) as Head of Communication and Marketing. Since Penelope joined we have started to implement our new marketing and sales strategy with a brand re-vamp and website re-launch ([www.good-energy.co.uk](http://www.good-energy.co.uk)).

The Good Energy brand requires us to match our demand with 100% supply from renewable sources. At the end of 2005 Good Energy adopted a new trading strategy which enabled us to purchase sufficient energy for our needs through winter 2005/2006. This was a fairly inflexible trading strategy that dealt with a rising market well. In late 2006 the market experienced a very sharp drop in wholesale prices and meant our more rigid approach to trading did not allow us to take advantage of the falling market, and also reduced our margin in the last two months of the year. We believe that the energy markets are likely to remain unstable, and a new flexible approach for trading has therefore now been adopted that allows us to better withstand negative or positive shifts in the wholesale market.

In January 2006 Good Energy was informed that Utility Link, our outsource service provider, had been put into Administration. As a direct result, our 2006 growth plans were put on hold and the management team focused on the migration of customer services and billing in-house. This was completed on time and in April Good Energy moved into new offices and its team went from 12 members of staff to 32. As part of this consolidation work, Good Energy appointed two further senior Managers, Chrs Welby - head of Commercial, and Nick Johansen - head of Operations. Chrs comes from a utilities background with specialist knowledge of the electricity industry. Nick comes from a high-tech video communications company where he was Commercial Director.

Once the team had been migrated, we undertook a detailed review of all Good Energy's reporting systems and operational procedures. This work included a review of our customer records and revealed that the Company had not been accruing sufficiently for bad debt for a number of years. The outcome of this was that in 2006 Good Energy decided to write off some £300,000 of bad debts. As a result of the review a new in-house debt collection team has been appointed and we now have much better reporting systems, the design of which has been based on recommendations from external specialists in this field. We have completed a Business Process Review of the Company and revised our organisation accordingly in a way which should enable the business to grow efficiently, leading to reduced overhead per customer while providing further improvement in customer service. We aim to achieve this by improving the automation of the different procedures of the business, and started this in September 2006 when we brought a software development team in-house and acquired the rights to use and develop our customer services management and billing software.

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## **GOOD ENERGY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

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#### **FUTURE DEVELOPMENTS**

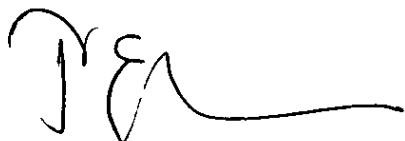
The Board recognises that the financial results for 2006 are not acceptable but we have emerged with a more solid platform for profitable growth. Good Energy continues to be a leading company in the green energy sector, and we plan to expand on this position in 2007. Over the past months the amount of news coverage on Climate Change has attracted further interest in the Good Energy product and this trend is improving our profitability. We are looking forward to the challenges for 2007 and feel entitled to believe that both our shareholders and our customers will enjoy a continued relationship with our company.

The Company is following its Strategic Plan which calls for a continuing increase in the Good Energy customer base and the enhancement of the Good Energy Brand.

#### **AUDITORS**

The auditors, Calder & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 25 May 2007 and signed on its behalf

A handwritten signature in black ink, appearing to be 'J. Sellers', with a long horizontal flourish extending to the right.

**John Sellers**  
Director

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## **GOOD ENERGY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GOOD ENERGY LIMITED**

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We have audited the financial statements of Good Energy Limited for the year ended 31 December 2006 set out on pages 6 to 16. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**GOOD ENERGY LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GOOD ENERGY LIMITED**

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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

**CALDER & CO**



Chartered Accountants and Registered Auditor

1 Regent Street  
London  
SW1Y 4NW

25 May 2007



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**GOOD ENERGY LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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|  | Note | 2006<br>£               | 2005<br>£               |
|--|------|-------------------------|-------------------------|
| <b>TURNOVER</b>                                    | 1,2  | <b>11,111,678</b>       | <b>6,844,900</b>        |
| Cost of sales                                      |      | <u>(9,744,848)</u>      | <u>(6,127,932)</u>      |
| <b>GROSS PROFIT</b>                                |      | <b>1,366,830</b>        | <b>716,968</b>          |
| Administrative expenses                            |      | <u>(1,666,242)</u>      | <u>(881,347)</u>        |
| <b>OPERATING LOSS</b>                              | 3    | <b>(299,412)</b>        | <b>(164,379)</b>        |
| Interest receivable                                |      | <b>20,255</b>           | <b>4,827</b>            |
| Interest payable                                   | 7    | <u>(103,510)</u>        | <u>(64,290)</u>         |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>(382,667)</b>        | <b>(223,842)</b>        |
| Tax on loss on ordinary activities                 | 8    | <u>-</u>                | <u>-</u>                |
| <b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>  | 17   | <u><b>(382,667)</b></u> | <u><b>(223,842)</b></u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

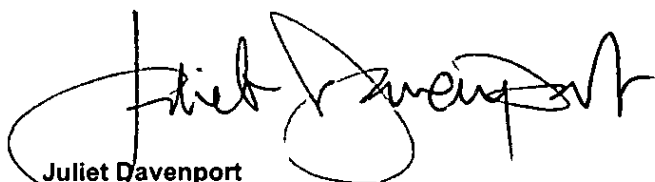
The notes on pages 8 to 16 form part of these financial statements

**GOOD ENERGY LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2006**

|   | Note | 2006<br>£               | 2005<br>£               |
|---|------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>   |      |                         |                         |
| Intangible fixed assets                                       | 9    | 488,204                 | 524,787                 |
| Tangible fixed assets   | 10   | 91,733                  | 24,871                  |
| Fixed asset investments                                       | 11   | 2                       | 1                       |
|   |      | <u>579,939</u>          | <u>549,659</u>          |
| <b>CURRENT ASSETS</b>   |      |                         |                         |
| Stocks  | 12   | 1,558,407               | 1,067,558               |
| Debtors   | 13   | 4,387,898               | 2,822,380               |
|   |      | <u>5,946,305</u>        | <u>3,889,938</u>        |
| <b>CREDITORS</b> amounts falling due within one year          | 14   | <u>(4,941,588)</u>      | <u>(3,204,230)</u>      |
| <b>NET CURRENT ASSETS</b>                                     |      | <u>1,004,717</u>        | <u>685,708</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |      | <u>1,584,656</u>        | <u>1,235,367</u>        |
| <b>CREDITORS</b> amounts falling due after more than one year | 15   | <u>(2,935)</u>          | <u>(145,979)</u>        |
| <b>NET ASSETS</b>   |      | <u><u>1,581,721</u></u> | <u><u>1,089,388</u></u> |
| <b>CAPITAL AND RESERVES</b>                                   |      |                         |                         |
| Called up share capital                                       | 16   | 1,171,002               | 996,002                 |
| Share premium account   | 17   | 1,150,000               | 450,000                 |
| Profit and loss account                                       | 17   | (739,281)               | (356,614)               |
| <b>SHAREHOLDERS' FUNDS</b>                                    | 18   | <u><u>1,581,721</u></u> | <u><u>1,089,388</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2007

  
Juliet Davenport  
Director

The notes on pages 8 to 16 form part of these financial statements

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## GOOD ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 1 ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover includes a proportion of energy that has been supplied but not yet invoiced

##### 1.4 Investments

Investments held as fixed assets are shown at cost less provisions for their impairment

##### 1.5 Intangible fixed assets and amortisation

Intangible fixed assets which represents the acquisition of brand rights and customer development costs are capitalised and amortised to the profit and loss account over twenty years

Investments in licences are capitalised and amortised to the profit and loss account over five years

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

|                                   |   |                    |
|-----------------------------------|---|--------------------|
| Leasehold amelioration            | - | over life of lease |
| Furniture, fittings and equipment | - | 3 to 5 years       |

##### 1.7 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

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## GOOD ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 1 ACCOUNTING POLICIES (continued)

##### 1.8 Stocks

Under the provisions of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of Renewable Obligation Certificates (ROCs) originally issued to generators, or by making payments to OFGEM who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy Limited supplies electricity sourced entirely from renewable generation, its percentage obligation has been set by OFGEM at 10% as a quid pro quo for the company's entitlement to profess its renewable credentials in the market place.

A market for the trading of ROCs has developed and from time to time the company purchases and sells ROCs taking a view of its overall medium term obligations and market trends. It may also decide to carry forward ROCs as a stock to meet obligations in future periods.

The accounting policy distinguishes between the cost of the company's obligations within the regulatory regime, and the tactical disposition towards purchasing and holding ROCs.

The cost obligation is recognised as it arises and charged to the profit and loss account for the period to which the charge relates as a direct reduction of gross margin. Gains or losses on disposal of ROCs are included in the profit and loss account as and when they crystallise. The stock of ROCs carried forward is valued at the lower of cost and estimated realisable value.

##### 1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.11 Customer registration fees

Customer registration fees are included in prepayments and expensed over 3 to 6 years.

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**GOOD ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**2 TURNOVER**

The whole of the turnover is attributable to the company's principal activity being the supply of electricity from renewable sources

All turnover arose within the United Kingdom

**3 OPERATING LOSS**

The operating loss is stated after charging

|  | <b>2006</b>          | <b>2005</b>          |
|--|----------------------|----------------------|
|  | <b>£</b>             | <b>£</b>             |
| Amortisation - intangible fixed assets | <b>78,292</b>        | <b>51,363</b>        |
| Depreciation of tangible fixed assets  |                      |                      |
| - owned by the company                 | <b>26,432</b>        | <b>16,450</b>        |
| Operating lease rentals                |                      |                      |
| - other operating leases               | <b>76,037</b>        | <b>27,138</b>        |
|  | <b><u>76,037</u></b> | <b><u>27,138</u></b> |

**4 AUDITORS' REMUNERATION**

|  | <b>2006</b>         | <b>2005</b>         |
|--|---------------------|---------------------|
|  | <b>£</b>            | <b>£</b>            |
| Fees payable to the company's auditor for the audit of the company's annual accounts | <b>5,500</b>        | <b>5,250</b>        |
| Fees payable to the company's auditor and its associates in respect of               |                     |                     |
| Other services relating to taxation  | <b>500</b>          | <b>475</b>          |
| All other services   | <b>5,586</b>        | <b>1,850</b>        |
|  | <b><u>5,586</u></b> | <b><u>1,850</u></b> |

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**GOOD ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

|                       | 2006<br>£      | 2005<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 719,213        | 354,046        |
| Social security costs | 68,521         | 33,014         |
| Other pension costs   | 36,889         | 15,800         |
|                       | <u>824,623</u> | <u>402,860</u> |

The average monthly number of employees, including the directors, during the year was as follows

|  | 2006<br>No | 2005<br>No |
|--|------------|------------|
|  | <u>28</u>  | <u>11</u>  |

Included within the wages and salaries charge above is an amount of £nil (2005 - £20,000) relating to compensation for loss of office (see Note 6)

**6 DIRECTORS' REMUNERATION**

|   | 2006<br>£      | 2005<br>£      |
|---|----------------|----------------|
| Emoluments  | <u>140,296</u> | <u>157,581</u> |
| Company pension contributions to money purchase pension schemes | <u>6,407</u>   | <u>7,390</u>   |
| Compensation for loss of office                                 | <u>-</u>       | <u>20,000</u>  |

During the year retirement benefits were accruing to 2 directors (2005 - 3) in respect of money purchase pension schemes

**7. INTEREST PAYABLE**

|                                  | 2006<br>£      | 2005<br>£     |
|----------------------------------|----------------|---------------|
| On bank loans and overdrafts     | 55,066         | 26,706        |
| On other loans                   | 8,960          | 14,904        |
| On loans from group undertakings | 39,484         | 22,680        |
|                                  | <u>103,510</u> | <u>64,290</u> |

**GOOD ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**8 TAXATION**

|   | 2006<br>£ | 2005<br>£ |
|---|-----------|-----------|
| UK corporation tax charge on profits for the year | -         | -         |

**Factors affecting tax charge for the year**

The company has no charge to corporation tax as a result of making taxable losses for the year. An amount of this taxable loss will be utilised within the group.

**Factors that may affect future tax charges**

At the year end the company has taxable losses of some £158,026 to carry forward against future taxable profits.

**9 INTANGIBLE FIXED ASSETS**

|                       | Licences<br>£ | Original<br>Customer<br>Develop-<br>ment<br>£ | Total<br>£ |
|-----------------------|---------------|---|------------|
| <b>Cost</b>           |               |   |            |
| At 1 January 2006     | 208,076       | 600,000                                       | 808,076    |
| Additions             | 41,709        | -   | 41,709     |
| At 31 December 2006   | 249,785       | 600,000                                       | 849,785    |
| <b>Amortisation</b>   |               |   |            |
| At 1 January 2006     | 103,289       | 180,000                                       | 283,289    |
| Charge for the year   | 48,292        | 30,000  | 78,292     |
| At 31 December 2006   | 151,581       | 210,000                                       | 361,581    |
| <b>Net book value</b> |               |   |            |
| At 31 December 2006   | 98,204        | 390,000                                       | 488,204    |
| At 31 December 2005   | 104,787       | 420,000                                       | 524,787    |

**GOOD ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**10 TANGIBLE FIXED ASSETS**

|                       | Leasehold<br>amelioration<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Total<br>£     |
|-----------------------|--------------------------------|--|----------------|
| <b>Cost</b>           |                                |  |                |
| At 1 January 2006     | -                              | 70,137                                       | 70,137         |
| Additions             | 22,089                         | 71,205                                       | 93,294         |
| At 31 December 2006   | <u>22,089</u>                  | <u>141,342</u>                               | <u>163,431</u> |
| <b>Depreciation</b>   |                                |  |                |
| At 1 January 2006     | -                              | 45,266                                       | 45,266         |
| Charge for the year   | 2,527                          | 23,905                                       | 26,432         |
| At 31 December 2006   | <u>2,527</u>                   | <u>69,171</u>                                | <u>71,698</u>  |
| <b>Net book value</b> |                                |  |                |
| At 31 December 2006   | <u>19,562</u>                  | <u>72,171</u>                                | <u>91,733</u>  |
| At 31 December 2005   | <u>-</u>                       | <u>24,871</u>                                | <u>24,871</u>  |

**11 FIXED ASSET INVESTMENTS**

|                          | Unlisted<br>invest-<br>ments<br>£ |
|--------------------------|-----------------------------------|
| <b>Cost or valuation</b> |                                   |
| At 1 January 2006        | 1                                 |
| Additions                | 1                                 |
| At 31 December 2006      | <u>2</u>                          |

**12 STOCKS**

|                                   | 2006<br>£        | 2005<br>£        |
|-----------------------------------|------------------|------------------|
| Renewable Obligation Certificates | <u>1,558,407</u> | <u>1,067,558</u> |

As at 31 December 2006 there were Renewable Obligation Certificates (ROCs) of £1,255,783 (2005 - £728,538) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not able to be sold before the balance sheet date



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**GOOD ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**13 DEBTORS**

|               | 2006<br>£        | 2005<br>£        |
|---------------|------------------|------------------|
| Trade debtors | 2,647,415        | 1,918,900        |
| Other debtors | 1,740,483        | 903,480          |
|               | <u>4,387,898</u> | <u>2,822,380</u> |

**14. CREDITORS.**

**Amounts falling due within one year**

|                                    | 2006<br>£        | 2005<br>£        |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts          | 1,519,317        | 678,924          |
| Trade creditors                    | 1,355,361        | 639,682          |
| Amounts owed to group undertakings | 9,509            | 45,023           |
| Social security and other taxes    | 26,636           | 11,896           |
| Other creditors                    | 432,143          | 330,263          |
| Accruals and deferred income       | 1,598,622        | 1,498,442        |
|                                    | <u>4,941,588</u> | <u>3,204,230</u> |

The bank overdraft is secured by an unscheduled mortgage debenture dated 24 October 2000 incorporating a fixed and floating charge over all current and future assets of the company

**15 CREDITORS**

**Amounts falling due after more than one year**

|                                    | 2006<br>£    | 2005<br>£      |
|------------------------------------|--------------|----------------|
| Amounts owed to group undertakings | <u>2,935</u> | <u>145,979</u> |

Interest is charged on the outstanding balance to the parent company at 2.5% above base rate

**16 SHARE CAPITAL**

|   | 2006<br>£        | 2005<br>£        |
|---|------------------|------------------|
| <b>Authorised</b>                         |                  |                  |
| 1,520,000 Ordinary shares of £1 each      | <u>1,520,000</u> | <u>1,520,000</u> |
| <b>Allotted, called up and fully paid</b> |                  |                  |
| 1,171,002 Ordinary shares of £1 each      | <u>1,171,002</u> | <u>996,002</u>   |

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**GOOD ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16 SHARE CAPITAL (continued)**

During the year, 175,000 Ordinary shares of £1 each were allotted for a total consideration of £875,000

**17. RESERVES**

|  | Share<br>premium<br>account<br>£ | Profit and<br>loss account<br>£ |
|--|----------------------------------|---------------------------------|
| At 1 January 2006                        | 450,000                          | (356,614)                       |
| Loss retained for the year               |                                  | (382,667)                       |
| Premium on shares issued during the year | 700,000                          |                                 |
|  | <u>1,150,000</u>                 | <u>(739,281)</u>                |
| At 31 December 2006                      |                                  |                                 |

**18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|  | 2006<br>£        | 2005<br>£        |
|--|------------------|------------------|
| Opening shareholders' funds                      | 1,089,388        | 1,063,230        |
| Loss for the year                                | (382,667)        | (223,842)        |
| Shares issued during the year                    | 175,000          | 50,000           |
| Share premium on shares issued (net of expenses) | 700,000          | 200,000          |
|  | <u>1,581,721</u> | <u>1,089,388</u> |
| Closing shareholders' funds                      |                  |                  |

**19. PENSION COMMITMENTS**

The company is committed to contribute to the personal pension plans of all staff. The annual charge for 2006 was £36,889 (2005 - £15,800). At the year end, pension contributions of £5,790 (2005 - £2,242) were outstanding.

The company has no further pension liability either realised or contingent and in line with the company's environmental position all employer contributions are invested within a suitable fund.

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**GOOD ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. OPERATING LEASE COMMITMENTS**

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

|                       | <b>Land and buildings</b> |             |
|-----------------------|---------------------------|-------------|
|                       | <b>2006</b>               | <b>2005</b> |
|                       | <b>£</b>                  | <b>£</b>    |
| <b>Expiry date</b>    |                           |             |
| Within 1 year         | -                         | 26,475      |
| Between 2 and 5 years | <b>65,949</b>             | -           |

**21. RELATED PARTY TRANSACTIONS**

The company, as a wholly owned subsidiary in a group whose accounts are published, is exempt from disclosing transactions with other group companies

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's ultimate holding company is Monkton Group PLC