

Registered number 03899612

Good Energy Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2009



Good Energy Limited

For the Year Ended 31 December 2009

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Good Energy Limited

Company information

For the Year Ended 31 December 2009

Directors

Juliet Davenport
John Sellers
Martin Edwards
Jon Fairchild (resigned 11/03/2010)
Barney Rhys Jones (appointed 11/03/2009)

Secretary

Jon Fairchild (resigned 11/03/2010)
Angela Newman (appointed 11/03/2010)

Company Number

03899612

Registered Office & Principal place of business

Monkton Reach
Monkton Hill
Chippenham
Wiltshire
SN15 1EE

Auditors

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

Good Energy Limited

Directors' Report

31 December 2009

The directors present their Annual Report and the financial statements for the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the directors to prepare Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Company financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Company, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing the Company financial statements, the directors are required to

- a. select suitable accounting policies and then apply them consistently,
- b. make judgements and estimates that are reasonable and prudent,
- c. state whether they have been prepared in accordance with IFRSs adopted by the EU, and
- d. 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RISK MANAGEMENT

The risk management objectives of the Company are set out in note 1j.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £793,631 (2008: £436,010). The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITIES

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

Good Energy Limited

Directors' Report

31 December 2009

BUSINESS REVIEW

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

Customer growth during 2009 has been steady, with a modest increase of 3.5%. This is slightly lower than the increase we saw during 2008 which was mainly accounted for by the acquisition of the electricity supply customer base from Countrywide. The rise in customer numbers during 2009 can be attributed to the direct sales efforts of the Good Energy team. We are strengthening the marketing and sales platform within the company and have appointed new Management for these functions. The timing for this coincides with the launch by OFGEM of the Green Supply Guidelines (an official green electricity accreditation scheme) in February 2010. We worked with OFGEM on this issue for a long time, and expect its implementation to spur wider consumer confidence in the green electricity market and also to validate the credentials of our particular product. Good Energy aims to benefit from it.

There was a slight decrease in the revenue from electricity sales during 2009 despite the increase in customer numbers. This is partly due to a reduction in the average energy usage of Good Energy customers throughout the year, but mainly due to the price changes at the beginning of the year. The total impact was a reduction in revenue of just under 1%. However our cost of sales decreased by 5% during 2009. Trading in 100% renewable energy is fairly complex with a significant number of variables including the weather, the siting of our 900 generators, and types of generation. In order to provide daily forecasts of our position we need to manage large amounts of data. We introduced new trading systems in 2009 which will be fully operational in Q2 2010. This has enabled Good Energy to improve both margins and competitiveness, with a reduction in our price premium over electricity from fossil fuels. We plan to be able to improve both on our competitive position and our cost of sales throughout 2010.

Our administrative expenses have increased by 4.2% in 2009. This is due mainly to strengthening our management in IT, Marketing, and Billing. We needed to invest further IT by way of response to continual changes in legislation and regulatory requirements. Improving the senior management of this team and our systems delivery procedures has led to a significant increase in 2009 of projects completed on time.

Anticipating that bad debts could become an increasing problem during the economic downturn, we invested further human capital in the debt collection and billing teams. Although we've seen a slight increase in bad debts 2009, we think it would have been higher had we not taken this action.

Good Energy Shop continues to expand and support Good Energy sales by reducing customer churn through retention incentives and by increasing sales through new customer offers. It also has seen a pick-up in customer interest in micro and small scale renewable generation since the announcement on the Feed in Tariff. Our ambition for 2010 is to implement Feed in Tariffs systems and procedures to give Good Energy a competitive edge in buying and selling power from small renewable generators. We are working on the potential expansion of offerings related to micro and small scale generation through Good Energy Shop. The proposal is to provide information services to customers through a network of partners that can provide installation services for between 1kW and 1 MW renewable energy sites.

Good Energy Limited

Directors' Report

31 December 2009

FUTURE DEVELOPMENTS

The UK economy is reportedly showing signs of recovery, and this seems to be reflected in the slight improvements of customer numbers in the last months of 2009 and the first few months of 2010. Despite focus on the election, there still seems to be cross party support for delivering on the UK renewable energy targets. Recent legislation and regulation covering Feed-in Tariffs, a Renewable Heat Incentive and the Green Supply Guidelines all point in the right direction for increasing the uptake of renewable energy in the UK.

In addition to the construction of the re-powered windfarm at Delabole, our plans for 2010 call for continuing customer growth, an improvement in our financial performance over 2009 and ongoing delivery of our mission to reduce the impact of climate change by growing renewable energy in the UK. Wholesale electricity costs markets seem to be relatively stable and we plan to implement further cost savings with improved trading systems and procedures. Trading for the first quarter of 2010 has been good.

We believe that Good Energy as a Group continues to be well positioned strategically in this market, and we intend to take advantage of our established position to consider opportunities in Feed-in Tariffs and further generation capacity.

However, the economy remains fragile and the election will have wide reaching implications for the shape of the recovery. So, while we remain cautious about the potential for significant short-term growth, we are more confident about growth in general.

Details of non-adjusting post balance sheet events are provided in note 22.

DIRECTORS

The directors who served during the year were

Juliet Davenport

John Sellers

Martin Edwards

Jon Fairchild (resigned 11/03/2010)

Barney Rhys Jones (appointed 11/03/2009)

AUDITORS

The auditors, Calder & Co, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 21 April 2010 and signed on its behalf



John Sellers
Director

Good Energy Limited

Independent Auditor's Report to the Shareholders of Good Energy Limited

We have audited the accompanying financial statements of Good Energy Limited for the year ended 31 December 2009, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 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

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or
- the Company's 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.



Tony Badiani
Senior Statutory Auditor

For and on behalf of
Calder & Co
Statutory Auditor and Chartered Accountants
1 Regent Street
London SW1Y 4NW

21 April 2010

Good Energy Limited

Statement of Comprehensive Income

For the Year Ended 31 December 2009

		2009	2008
	Note	£	£
Revenue	1, 2	17,070,630	17,205,269
Cost of sales		12,851,015	13,475,235
Gross profit		4,219,615	3,730,034
Administrative expenses		3,254,407	3,122,265
Operating profit		965,208	607,769
Finance income	6	11,746	53,970
Finance costs	7	(11,680)	(49,007)
Profit before tax		965,274	612,732
Taxation	8	171,643	176,722
Total comprehensive income for the year attributable to owners of the Company		793,631	436,010

All amounts relate to continuing operations

The accompanying notes form part of the financial statements

Good Energy Limited

Statement of Financial Position

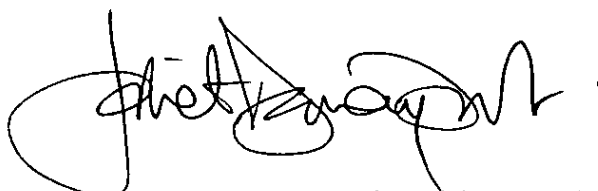
As at 31 December 2009

Registered number 03899612

	Note	2009 £	2008 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	257,165	223,438
Intangible assets	10	1,223,179	886,158
Investments	11	2	2
Total non-current assets		1,480,346	1,109,598
Current assets			
Inventories	12	2,158,684	2,146,708
Trade and other receivables	13	2,644,331	4,351,328
Cash and cash equivalents		932,768	305,347
Total current assets		5,735,783	6,803,383
TOTAL ASSETS		7,216,129	7,912,981
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Called up share capital	14	1,171,002	1,171,002
Share premium account		1,150,000	1,150,000
Retained earnings		297,677	254,046
TOTAL EQUITY		2,618,679	2,575,048
Liabilities			
Non-current liabilities			
Other financial liabilities	15	-	378,451
Total non-current liabilities		-	378,451
Current liabilities			
Bank overdraft	16	-	979,196
Trade and other payables	17	4,501,450	3,785,022
Current tax payable	8	96,000	195,264
Total current liabilities		4,597,450	4,959,482
TOTAL LIABILITIES		4,597,450	5,337,933
TOTAL EQUITY AND LIABILITIES		7,216,129	7,912,981

The financial statements were approved by the Board of Directors and authorised for issue on 21 April 2010 and were signed on its behalf by

Juliet Davenport
Director



The accompanying notes form part of the financial statements

Good Energy Limited

Statement of Changes in Equity

For the Year Ended 31 December 2009

2009

	Share capital £	Share premium £	Retained earnings £	Total £
Equity as at 1 January 2009	1,171,002	1,150,000	254,046	2,575,048
Changes				
Total comprehensive income for the year	-	-	793,631	793,631
Payment of dividends	-	-	(750,000)	(750,000)
Changes total	-	-	43,631	43,631
Equity as at 31 December 2009	1,171,002	1,150,000	297,677	2,618,679

2008

	Share capital £	Share premium £	Retained earnings £	Total £
Equity as at 1 January 2008	1,171,002	1,150,000	118,036	2,439,038
Changes				
Total comprehensive income for the year	-	-	436,010	436,010
Payment of dividends	-	-	(300,000)	(300,000)
Changes total	-	-	136,010	136,010
Equity as at 31 December 2008	1,171,002	1,150,000	254,046	2,575,048

The accompanying notes form part of the financial statements

Good Energy Limited

Statement of Cash Flows

For the Year Ended 31 December 2009

	2009 £	2008 £
Cash flows from operating activities		
Operating cashflow (note 19)	3,214,106	(123,779)
Finance costs	(11,680)	(49,007)
Finance income	11,746	53,970
Income tax paid	(270,907)	(73,958)
Net cash flows from/(used in) operating activities	2,943,265	(192,774)
Cash flows from investing activities		
Acquisitions of tangible fixed assets	(131,318)	(178,769)
Acquisitions of intangible fixed assets	(455,330)	(72,625)
Disposals of fixed assets	-	3,749
Net cash flows used in investing activities	(586,648)	(247,645)
Cash flows from financing activities		
Dividends paid	(750,000)	(300,000)
Net cash flows used in financing activities	(750,000)	(300,000)
Net cash increase/(decrease) in cash and cash equivalents	1,606,617	(740,419)
Cash and cash equivalents at beginning of year	(673,849)	66,570
Cash and cash equivalents at end of year	932,768	(673,849)

The accompanying notes form part of the financial statements

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies

a General information

Good Energy Limited is a private limited company incorporated in the United Kingdom under the Companies Act

The nature of the Company's operations and its principal activities are set out in the Directors' Report. The Company is not listed. The Company's registered office and principal place of business is Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE. The company's registered number is 03899612.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following accounting policy notes: Intangible assets (1 d), Property, plant and equipment (1 e) and Current and deferred taxation (1 i).

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

b Basis of preparation of financial statements (continued)

Adoption of new and revised accounting standards

The Company has adopted the following new and amended IFRSs as of 1 January 2009

	Effective Date accounting periods commencing on or after
IFRS 2 (revised 2008) Share-based payment	1 January 2009
IFRS 7 (revised March 2009) Financial instruments disclosures	1 January 2009
IAS 1 (revised 2007) Presentation of Financial Statements	1 January 2009
IAS 16 (revised May 2008) Property, plant and equipment	1 January 2009
IAS 19 (revised May 2008) Employee Benefits	1 January 2009
IAS 23 (revised 2007 and May 2008) Borrowing costs	1 January 2009
IAS 27 (revised 2008) Consolidated and Separate Financial statements	1 January 2009
IAS 32 (revised 2008) Financial instruments Presentation	1 January 2009
IAS 36 (revised May 2008) Impairment of assets	1 January 2009
IAS 38 (revised May 2008) Intangible Assets	1 January 2009
IAS 39 (revised May 2008) Financial instruments Recognition and measurement	1 January 2009
IFRIC 13 Customer loyalty programmes	1 July 2008

The adoption of these standards and interpretations has had no material impact on the financial statements of Good Energy Limited, with relevant changes impacting on presentational aspects only

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

b Basis of preparation of financial statements (continued)

At the date of authorisation of these financial statements, the following standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective, and have not been early adopted by the Company

	Effective Date accounting period commencing on or after
IFRS 2 (revised June 2009) Share-based payment	1 January 2010
IAS 7 (revised April 2009) Statement of Cash Flows	1 January 2010
IAS 17 (revised April 2009) Leases	1 January 2010
IAS 24 (revised November 2009) Related Party Disclosures	1 January 2011
IAS 27 (revised 2008) Consolidated and Separate Financial statements	1 July 2009
IAS 28 (revised 2008) Investments in associates	1 July 2009
IAS 32 (revised 2008) Financial instruments Presentation	1 February 2010
IAS 36 (revised May 2008) Impairment of assets	1 January 2010
IAS 38 (revised April 2009) Intangible Assets	1 July 2009
IAS 39 (revised May 2008) Financial instruments Recognition and measurement	30 June 2009
IFRIC 17 Distributions of Non-Cash Assets to Owners	1 July 2009

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements of Good Energy Limited in the period they are applied, with relevant changes impacting on presentational aspects only

c Revenue recognition

Revenue and losses before tax represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax. All turnover and loss before tax arose within the United Kingdom.

Revenues from the sale of electricity are recorded based upon output delivered at rates specified under contract terms or prevailing market rates as applicable.

Revenues from sales of ROCs are recorded at the invoiced value, net of VAT. Revenue is recognised when the risks and rewards of ownership have been substantially transferred to a third party.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

d Intangible assets

Amortisation on fixed life intangible assets is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Definite life licences	- 5 years
Original customer development costs	- not amortised

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that have an indefinite useful life, for example some licences, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e Property, plant and equipment

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 improvements	- over life of lease
Furniture, fittings and equipment	- 3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

f Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income Statement as incurred.

g 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. The assets of the schemes are held separately from those of the Company in an independently administered fund.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

h Inventories

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 supplies electricity sourced entirely from renewable generation, its percentage obligation to submit ROCs is set by OFGEM. In addition to the regulatory requirements, Good Energy surrenders additional ROCs to demonstrate its environmental credentials transparently.

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.

Work in progress is valued at the lower of cost and net realisable value.

i Current and deferred taxation

The tax expense represents the sum of the tax currently payable and Deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

I Current and deferred taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis

J Financial instruments and risk management

The Company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances

Financial instruments recognised on the statement of financial position include investments, cash and cash equivalents, trade receivables, trade payables and borrowings

Financial assets and liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument

I Investments

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

II. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Net cash and cash equivalents at the end of the reporting period totalled £932,768 (2008: £(673,849))

III Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

j Financial instruments and risk management (continued)

iv Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

v Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Details of the Company's equity are included in note 14

The Company's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors that arise directly from its operations, all of which are measured at fair value. It is, and has been throughout the year under review, the Company's policy that financial derivatives shall not be used. As a result, the Company has not used interest rate hedges and currency swaps during the year

vi Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Details of the Company's exposure to its liabilities, including a maturity analysis, is included in notes 8, 15, 16 and 17

vii Interest rate risk

The financial risk is the risk to the Company's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest rate fluctuations. The Company has borrowings in the form of a loan to the holding company and an overdraft over which interest is charged. The Directors consider interest rate risk to be immaterial on this

viii Commodity price risk

The Company's operations results in exposure to fluctuations in energy prices. Management monitors energy prices and initiates instruments to manage exposure to these risks when it deems appropriate. Currently, the Company has not initiated any such instruments

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

1 Accounting policies (continued)

j Financial instruments and risk management (continued)

ix Credit risk

The Company's exposure to credit risk arises from its receivables from customers. At 31 December 2009 and 2008, the Company's trade receivables were classed as due within one year, details of which are included in note 13. The Company's policy is to undertake credit checks on new customers and to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the Balance Sheet date the Directors have provided for specific doubtful debts and believe that there is no further credit risk.

x Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order, in due course, to provide returns to shareholders, and to maintain an optimal capital structure. The Company monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital (equity plus net debt). The capital structure of the Company is as follows:

	2009	2008
	£	£
Borrowings (see notes 15 and 16)	-	(1,357,647)
Cash and cash equivalents	932,768	305,347
Net funds/(debt)	932,768	(1,052,300)
Total shareholders' equity	2,618,679	2,575,048

k Borrowing costs

The Company expenses borrowing costs in the period the costs are incurred. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset.

2 Revenue

The whole of the revenue is attributable to the Company's principal activity being the supply of electricity from renewable sources.

All revenue arose within the United Kingdom.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

3. Operating profit

	2009 £	2008 £
The operating profit is stated after charging		
Depreciation of tangible fixed assets	97,591	66,268
Amortisation of intangible fixed assets	118,309	22,225
Operating lease rentals	150,009	113,017
Auditors' Remuneration:		
Audit fees	7,000	6,500
Non-audit fees	8,600	2,650

4 Staff costs

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	1,297,105	1,482,773
Social security costs	143,336	152,753
Other pension costs	100,877	70,135
Total	1,541,318	1,705,661

During the year the Company had an average of 70 staff members (2008 55). During the year the Company also recharged elements of its staff time, ranging from 5% - 100%, to various of its fellow subsidiaries. See details at note 22.

5 Directors' and executives' remuneration

	2009 £	2008 £
Emoluments	73,549	126,737
Company pension contributions to money purchase pension schemes	9,377	5,588
Total	82,926	132,325

During the year retirement benefits were accruing to 2 directors (2008 2) in respect of money purchase pension schemes.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

6 Finance Income

	2009	2008
	£	£
Interest receivable on loans to holding company	11,746	39,291
Bank interest receivable	-	14,679
Total	11,746	53,970

7 Finance Costs

	2009	2008
	£	£
Bank interest payable	10,186	667
Other interest payable	1,494	48,340
Total	11,680	49,007

8 Taxation

Analysis of tax in year

	2009	2008
	£	£
Current tax (see note below)		
UK corporation tax on profits for the year	159,630	145,754
UK corporation tax for prior periods	12,013	30,968
Total current tax	171,643	176,722

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

8 Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2008 higher) than the weighted average rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	<u>965,274</u>	<u>612,732</u>
Profit on ordinary activities multiplied by weighted average rate of corporation tax in the UK of 28% (2008 28.5%)	270,277	174,629
Effects of		
Capital allowances for year in excess of depreciation	(3,064)	(6,353)
Utilisation of group's tax losses	(109,580)	(24,837)
Adjustments for non-taxable, marginal rate and rounding provision	1,997	2,315
Adjustments in respect of prior years	<u>12,013</u>	<u>30,968</u>
Total	<u>171,643</u>	<u>176,722</u>

The weighted average applicable tax was 28% (2008 28.5%), which reflects the change in the applicable UK Corporation Tax rate from 1 April 2008

Factors that may affect future tax charges

There were no factors that may affect future tax charges

Corporation tax payable as per Balance Sheet

	2009	2008
	£	£
UK corporation tax on profits for the year	96,000	145,764
UK corporation tax on profits for prior years	-	49,500
Total	<u>96,000</u>	<u>195,264</u>

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

9 Property plant and equipment

	Furniture, fittings and equipment £	Leasehold improvements £	Total £
31 December 2009			
Cost			
Opening balance	350,219	59,081	409,300
Additions	112,675	18,643	131,318
Balance at 31 December 2009	462,894	77,724	540,618
Depreciation			
Opening balance	(175,201)	(10,661)	(185,862)
Depreciation	(84,578)	(13,013)	(97,591)
Balance at 31 December 2009	(259,779)	(23,674)	(283,453)
Carrying amount			
At 01 January 2009	175,018	48,420	223,438
At 31 December 2009	203,115	54,050	257,165

	Furniture, fittings and equipment £	Leasehold improvements £	Total £
31 December 2008			
Cost			
Opening balance	204,309	26,471	230,780
Additions	146,159	32,610	178,769
Disposals	(249)	-	(249)
Balance at 31 December 2008	350,219	59,081	409,300
Depreciation			
Opening balance	(116,459)	(3,135)	(119,594)
Depreciation	(58,742)	(7,526)	(66,268)
Balance at 31 December 2008	(175,201)	(10,661)	(185,862)
Carrying amount			
At 01 January 2008	87,850	23,336	111,186
At 31 December 2008	175,018	48,420	223,438

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

10 Intangible assets

	Original customer development costs £	Licences £	Total £
31 December 2009			
Cost			
Opening balance	600,000	355,130	955,130
Additions	-	455,330	455,330
Balance at 31 December 2009	600,000	810,460	1,410,460
Amortisation			
Opening balance	-	(68,972)	(68,972)
Amortisation	-	(118,309)	(118,309)
Balance at 31 December 2009	-	(187,281)	(187,281)
Carrying amount			
At 01 January 2009	600,000	286,158	886,158
At 31 December 2009	600,000	623,179	1,223,179

	Original customer development costs (as restated) £	Licences (as restated) £	Total £
31 December 2008			
Cost			
Opening balance	600,000	286,005	886,005
Additions	-	72,625	72,625
Disposals	-	(3,500)	(3,500)
Balance at 31 December 2008	600,000	355,130	955,130
Amortisation			
Opening balance	-	(46,747)	(46,747)
Amortisation	-	(22,225)	(22,225)
Balance at 31 December 2008	-	(68,972)	(68,972)
Carrying amount			
At 01 January 2008	600,000	239,258	839,258
At 31 December 2008	600,000	286,158	886,158

An impairment is undertaken annually or more frequently using cash flow forecasts discounted at appropriate rates. The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

11 Investments

	Unlisted investments £
At cost, opening and closing balance	<u>2</u>

12 Inventories

	2009 £	2008 £
Renewable Obligation Certificates	<u>2,158,684</u>	<u>2,146,708</u>

As at 31 December 2009 there were Renewable Obligation Certificates (ROCs) of £1,735,305 (2008 £1,892,488) 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 year end date

13 Trade and other receivables

	2009 £	2008 £
Trade receivables	2,224,629	3,869,903
VAT recoverable	98,446	175,876
Loans to holding company	162,692	25,950
Prepayments and other receivables	158,564	279,599
Total	<u>2,644,331</u>	<u>4,351,328</u>

14 Share capital

	2009 £	2008 £
Authorised		
1,520,000 Ordinary shares of £1 each	<u>1,520,000</u>	<u>1,520,000</u>
Allotted, called up and fully paid		
1,171,002 Ordinary shares of £1 each	<u>1,171,002</u>	<u>1,171,002</u>

15 Other financial liabilities (non-current)

	2009 £	2008 £
Loans from holding company	<u>-</u>	<u>378,451</u>

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

16 Bank overdraft

	2009	2008
	£	£
Bank overdraft	-	979,196

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

17 Trade and other payables

	2009	2008
	£	£
Trade payables	1,344,987	271,548
Accruals and amounts received in advance	2,179,750	2,627,672
Social security and other taxes	62,505	49,130
Due to fellow subsidiary	50,000	-
Other payables	864,208	836,672
Total	4,501,450	3,785,022

18 Dividends

Amounts recognised as distributions to shareholders in the year
(based on the number of shares in issue at the record date)

	2009	2008
	£	£
Equity dividends paid of 64.05p per share (2008: 25.62p per share)	750,000	300,000

19 Cash flows

Reconciliation of net income to net cash provided by operating activities

	2009	2008
	£	£
Operating profit	965,208	607,769
Adjustment		
Depreciation	97,591	66,268
Amortisation	118,309	22,225
(Increase)/decrease in inventories	(11,976)	(1,220,770)
(Increase)/decrease in trade and other receivables	1,843,739	(1,847,720)
Increase/(decrease) in trade and other payables	716,428	1,510,668
Increase/(decrease) in loans with holding company	(515,193)	737,781
Net cash inflow/(outflow) from operations	3,214,106	(123,779)

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

20 Pensions

The Company is committed to contribute to the personal pension plans of all staff. The annual charge for the year was £100,878 (2008: £70,135). At the year end, pension contributions of £14,348 (2008: £10,324) 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.

21 Leases in financial statements of lessees

The Company's non-cancellable operating lease rentals are payable as follows:

	2009	2008
	£	£
Less than one year	150,009	150,009
Between one and five years	600,036	336,240
More than five years	175,011	28,020
Total	925,056	514,269

22 Related party transactions

During the year the Company has traded with Windelectric Limited, a fellow subsidiary of Good Energy Group PLC, for the purchase of energy. During the year Windelectric Limited charged the Company £816,035 (2008: £1,019,870) of electricity generation at arms length. At the year end, the Company owed Windelectric Limited £37,940 (2008: £89,189).

During the year Good Energy Shop Limited, a fellow subsidiary, charged the Company £50,000 (2008: £nil) for the provision of internet portal services. At the year end, the Good Energy Limited owed the Company £50,000 (2008: £nil). After the year end, a loan existing between Good Energy Shop Limited and Good Energy Group PLC was reassigned to the Company.

During the year the Company had investment transactions with its parent company, Good Energy Group PLC. Interest is charged on the loan at 2.5% above the base rate. Details of the amounts outstanding and received during the year are contained in notes 6, 7, 13 and 15.

Good Energy Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

22 Related party transactions (continued)

During the year the Company recharged certain elements of its salary costs to its fellow group companies, thus

	2009	2008
	£	£
Good Energy Group PLC	270,564	185,667
Windelectric Limited	32,785	52,244
Good Energy Shop Limited	21,759	43,918
Good Gas Limited	216,344	47,023
Total	541,452	328,852

23 Ultimate parent undertaking and controlling party

The Company's ultimate and immediate parent undertaking and controlling party is Good Energy Group PLC, a company incorporated in the United Kingdom. The consolidated Financial Statements of this company are available to the public and may be obtained from its registered office Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE