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GOOD ENERGY GROUP PLC
ANNUAL REPORT AND ACCOUNTS
31 DECEMBER 2019

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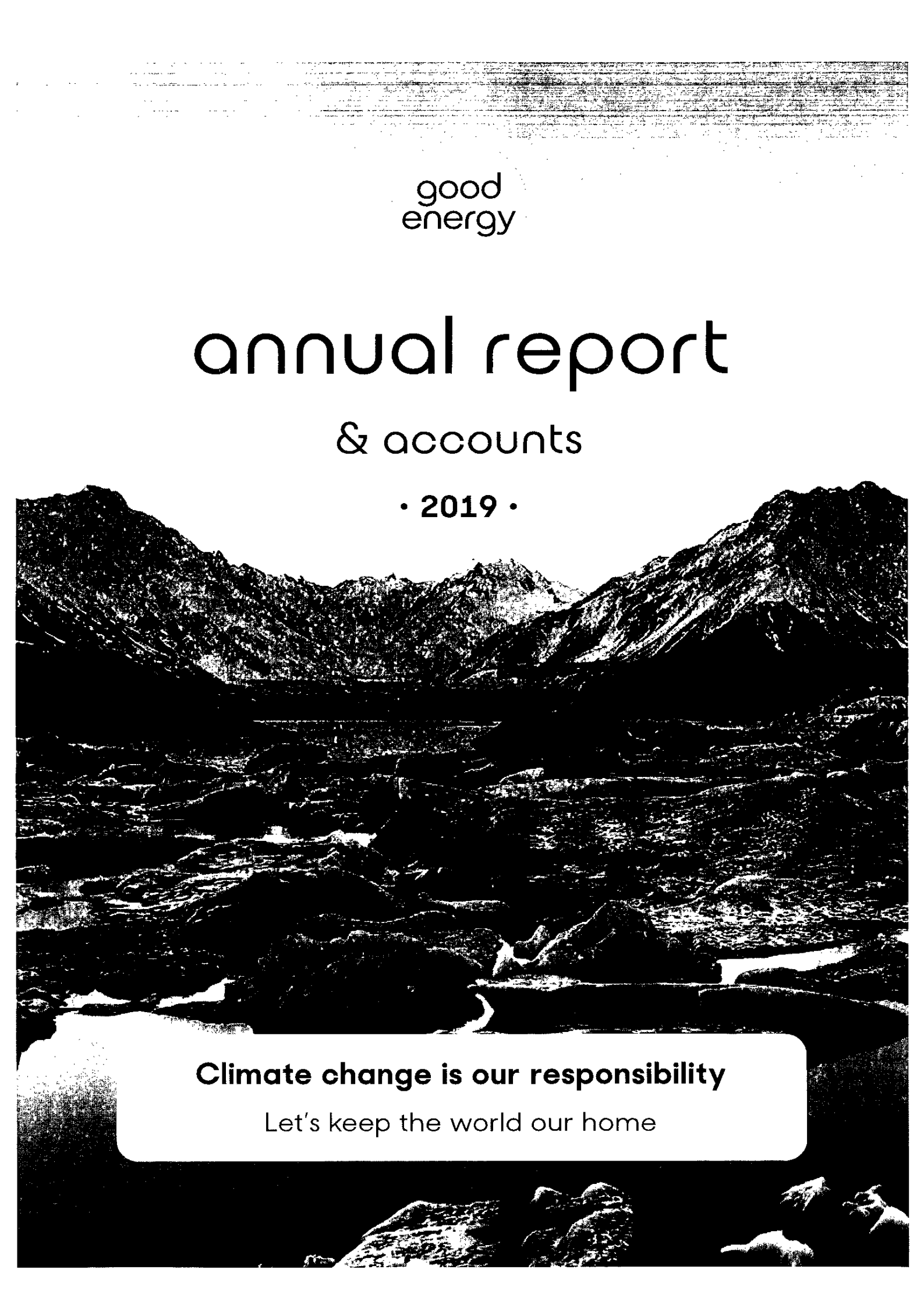
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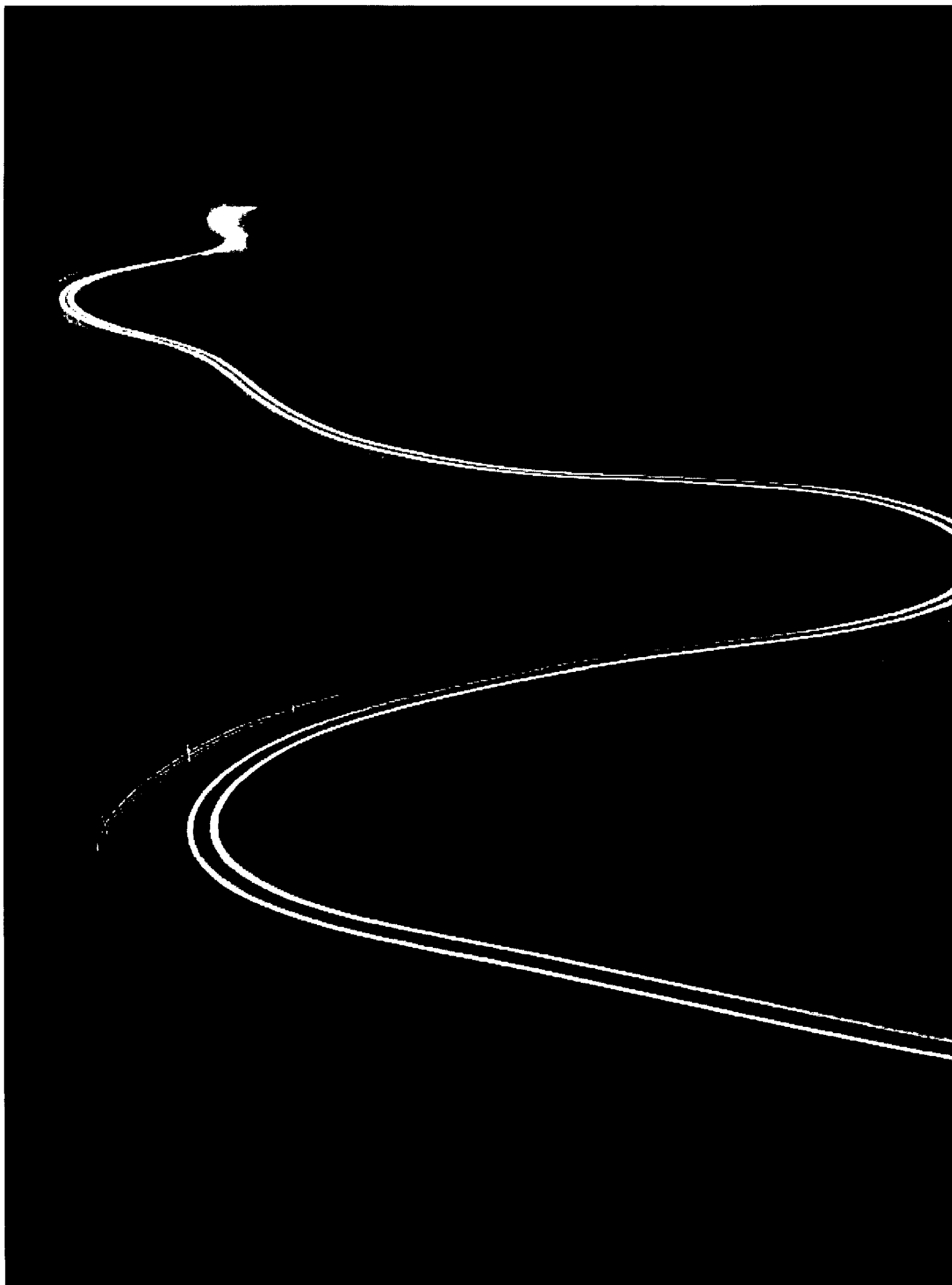
annual report

& accounts

• 2019 •

Climate change is our responsibility

Let's keep the world our home



Annual Report & Accounts 2019

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Strategic Report

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Let's keep the world our home

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Powering a cleaner, greener future together

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Empowering you to use, share, generate and store clean energy

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Why we exist: Let's keep the world our home

Foreword from our CEO and Founder, Juliet Davenport

2019 marked 20 years since I founded Good Energy, with the explicit purpose of fighting climate change. It was also the year that the rest of the world stood up and joined the fight. Greta Thunberg's global climate strike movement, David Attenborough addressing climate change on BBC prime time, the UK government declaring a climate emergency and setting a net zero target. Our purpose of tackling climate change became well and truly mainstream. But the challenge of how we deliver it remains.

The clean energy grid we need to tackle climate change will be distributive. People generating, using, sharing and storing their own power. In 2019 we accelerated our investment in clean technologies to help change the way people engage with energy – from how they use it in the home to how they travel. We have invested in systems that will enable us to serve more customers, with more services, at a lower cost.

To empower more households and businesses to choose to use genuinely renewable power today, we had success in 2019 in calling for more transparency in the energy market. We were given the highest green rating from Which? magazine and saw Ofgem acknowledge that they intend to address the problem of consumers being misled by greenwashed tariffs.

Informing all of this is our new manifesto. This is a bold expression of who we are and our purpose, for a decade in which the world must achieve unprecedented cuts to carbon emissions.

2020 will be a crucial year. While in the UK a net zero goal has been set, how the country will achieve it is the real test. Of course, since that goal was set, societies have undergone dramatic changes to counter the COVID-19 pandemic. National lockdowns have caused carbon emissions to drop. But temporary reductions are not enough. Global governments must prioritise green economic recovery that enables sustained emissions reductions and cleaner, greener societies.

Last year I spoke at the United Nations Conference of Parties (COP25) of Good Energy's role in pushing the perceived limits of what is possible – proving that 100% renewable can be done. COP26 is due to take place in Glasgow, where the world's governments will assess progress on the Paris agreement. As the UK's climate action takes centre place on the global stage, we will continue to prove that 100% renewable is possible and necessary. Our time is now.

This 2019 Annual Report and Accounts sums up a fantastic year for Good Energy. Together with our investors, people, customers and generators, we are continuing to help tackle the climate crisis.



Juliet Davenport

Founder and Chief Executive Officer

Our purpose

climate change is our responsibility.
let's keep the world our home.

Our manifesto

We believe that everyone deserves a future on our home planet. Swimming in our rivers, walking in the forest or simply breathing clean air should always be an option; for us, for our children and for their children.

We know that to keep the planet our home we have to get to 100% renewable energy. So that's what we are working towards every single day.

We exist to give you the ability to generate your own power, not just buy ours. No one owns the sunshine, the wind or the rain, so let's share it.

Our goal is to turn every home and business into its own clean power station. Get your clean energy from families and businesses in your local community. Power generated by people like you, for people like you.

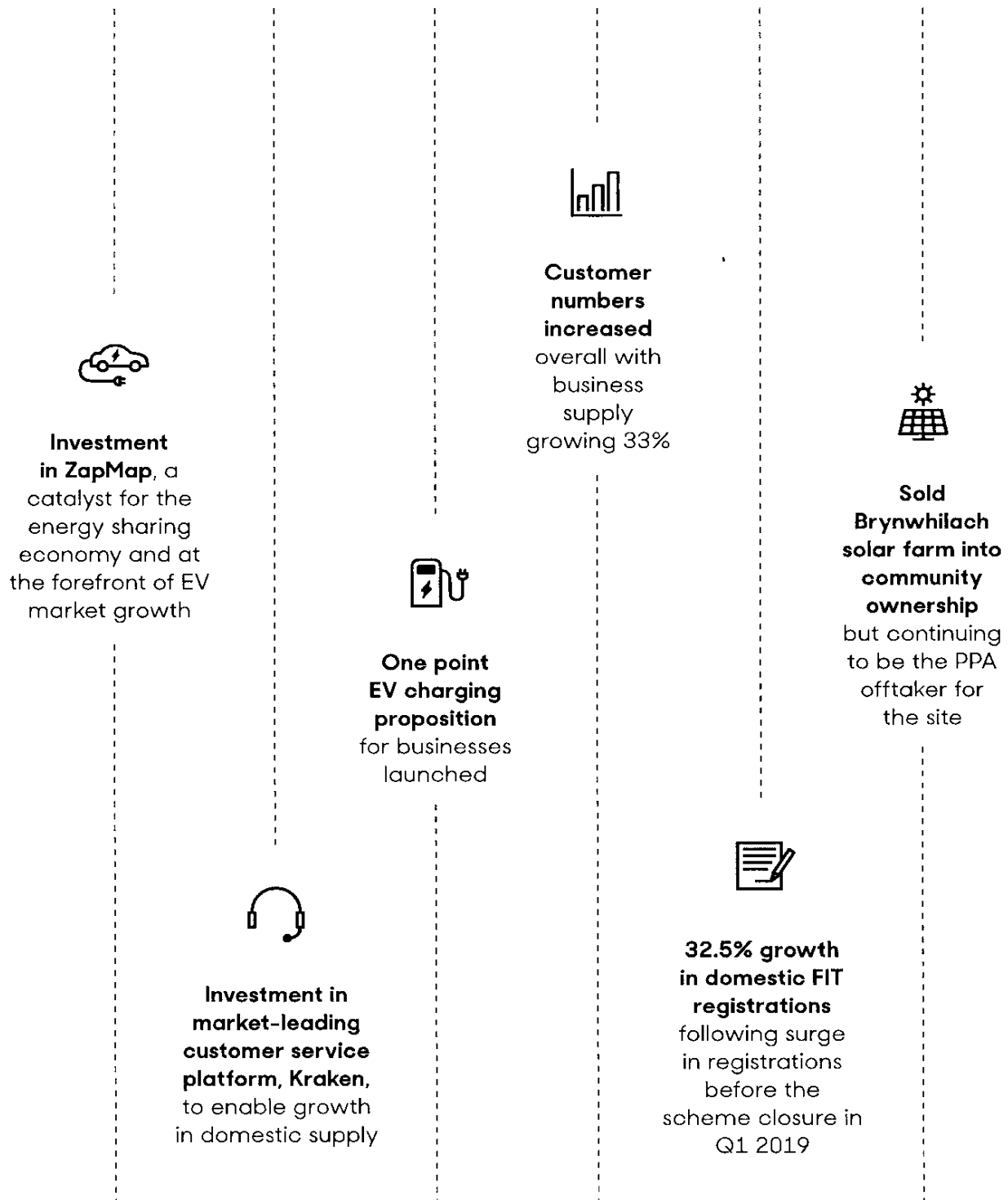
We believe that we all have our part to play. We do ours not only by empowering you to buy and share clean energy but also by investing in clean technologies.

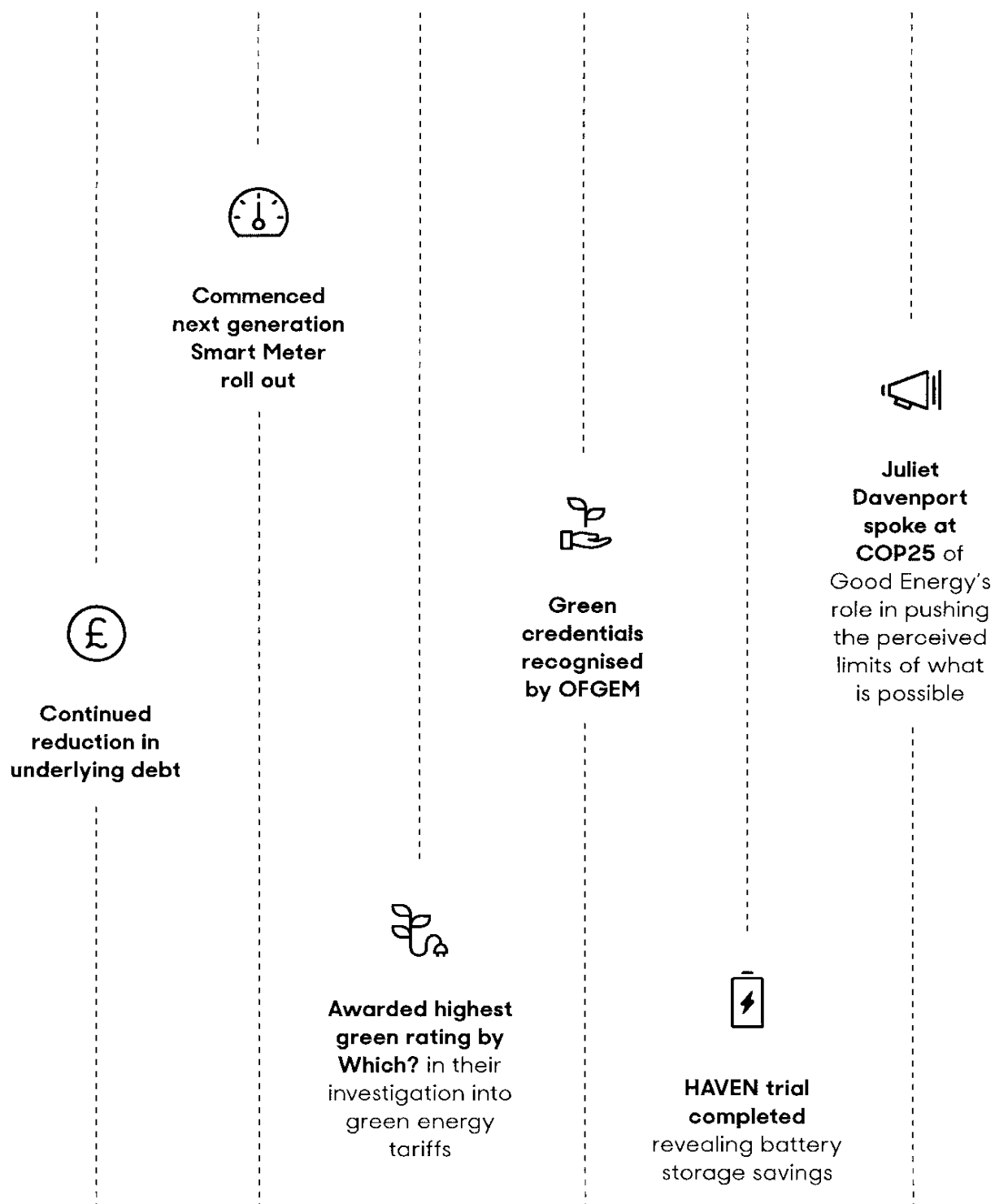
We must be bold, stand up and take action to tackle climate change. We are more powerful together with our customers, generators, shareholders, partners and people.

We invite you to stand up with us.

2019 achievements

Putting the business on a firm footing for the future





Chairman's statement

In 2019, we had another year of good performance as we continued to deliver against our stated strategy and shift to the energy world of the future. We continue to demonstrate our resilience to changing and difficult markets and remain well positioned both financially and operationally. We made tangible investments in our future strategy, progressing in our transition to providing technology enabled energy services for the generation, supply and sharing of 100% renewable clean power for all.

Our Market: opportunities and challenges

Looking back, we saw a significant amount of uncertainty: Brexit negotiations, parliamentary inertia and a sense of constant macroeconomic volatility dominated the landscape. Recent events have only served to heighten this. Following genuine signs of an economic resurgence in 2020, the ongoing impact of coronavirus (COVID - 19) has become a global issue.

We are witnessing unprecedented actions from both governments and businesses: The Bank of England slashing interest rates, tangible impacts on global supply chains and many countries in lockdown from March 2020. Whilst these remain highly uncertain times, we believe that our financial and operational resilience is allowing us to react to these market challenges. We remain cash generative and have a good cash balance. Despite the pandemic, energy remains an essential service in homes across the country. We have a well-diversified customer base across a range of demographics, who have all actively chosen to support our purpose in providing 100% renewable clean power for all.

Operationally, our UK focused business is well placed to respond. The implementation of our new customer technology platform is progressing as planned, with a large proportion of customers already operational on the new platform. This provides us with further flexibility to operate and deliver all our products and services to customers.

The health and wellbeing of our employees remains of critical importance. We have a strong business continuity process in place to ensure we can safeguard against future developments. Whilst the potential impact of the virus remains unknown, we remain confident in our capabilities as a business

"In 2019, we had another year of good performance as we continued to deliver against our stated strategy and shift to the energy world of the future. "

to protect our employees and continue to deliver products and services for our customers.

We have seen no significant financial impact from the coronavirus (COVID-19) outbreak to date. This is due to a strong starting cash position and cash collections in Q1 2020; the offset of demand impacts between Domestic and Commercial supply; mitigations in place for potential cashflow issues; and successful business continuity plans. However, we continue to monitor the situation closely while planning for a range of scenarios including changes to current government guidance or policy. I believe that as a business our financial and operational resilience provides us with the flexibility to handle significant market volatility. We have a good cash position, a high proportion of our customers paying by Direct Debit and an operating model which can handle remote working.

Strategic developments

As a Board, a key area of focus is to create and deliver a strategy to navigate the many challenges and opportunities the business faces. We have to ensure that the business is well positioned to capitalise on these growth opportunities – both now and in a way that is sustainable for the long-term.

As the energy market evolves, so do we. We have been actively updating our business model to position ourselves to prosper in the developing energy-as-a-service space. Decentralisation, digital products and data analytics will help us thrive and deliver this new service model to our customers. We continue to invest across the business to make this transition a reality. We remain focused on technology, strategic partnerships and our people. Our investments in both Kraken and Zap-Map allow us to have the technological capabilities to play in the right markets and deliver our vision of a zero-carbon future. We will ensure that these decisions are taken in the context of the evolving situation regarding COVID-19.

Board update

In February 2019 Nemone Wynn-Evans joined the Board as a Non-Executive and has taken on the role of Chair of Audit and Risk Committee. Nemone has extensive experience across the financial services sectors and has listed plc and PRA, FCA/ FSA regulated experience, having acted as finance director on the main board of a stock exchange.

Nemone is also a Fellow of the Chartered Institute of Securities and Investments. Nemone's experience continues to be an asset to the group as we continue to reshape the company, leading the shift from supplying to sharing energy.

In January 2020, Rupert Sanderson was appointed Chief Financial Officer. Rupert joined Good Energy in February 2017 and was appointed Finance Director

in January 2018, becoming responsible for finance, trading, legal and investor relations. His previous roles include senior financial and commercial positions at Centrica, British Gas, Serco and Avis Europe. Rupert began his career as an accountant for PwC and is a Fellow of the Institute of Chartered Accountants in England and Wales.

We are proud that we continue to live our values as a company and our board composition has an equal representation of men and women. Diversity and inclusivity are principles which we are passionate about and continue to promote throughout the company. We now have a Board in place to guide and oversee the company to meet its strategic objective and goals.

Dividend

Alongside our ongoing investments, we aim to deliver a progressive dividend policy. The policy has the objective of increasing the dividend over time as profitability grows to provide an appropriate return to shareholders. We remain mindful of maintaining and balancing the ability to invest in long-term growth opportunities.

Despite a good performance in 2019 and our confidence in the ongoing business, the Board has recommended deferring the full year dividend considering the ongoing COVID-19 pandemic and prudent cashflow management. The operation of the Good Energy scrip dividend scheme whilst still operational, will also be deferred alongside the dividend. The Board will review this position following the publication of our interim results in September 2020.

Looking ahead

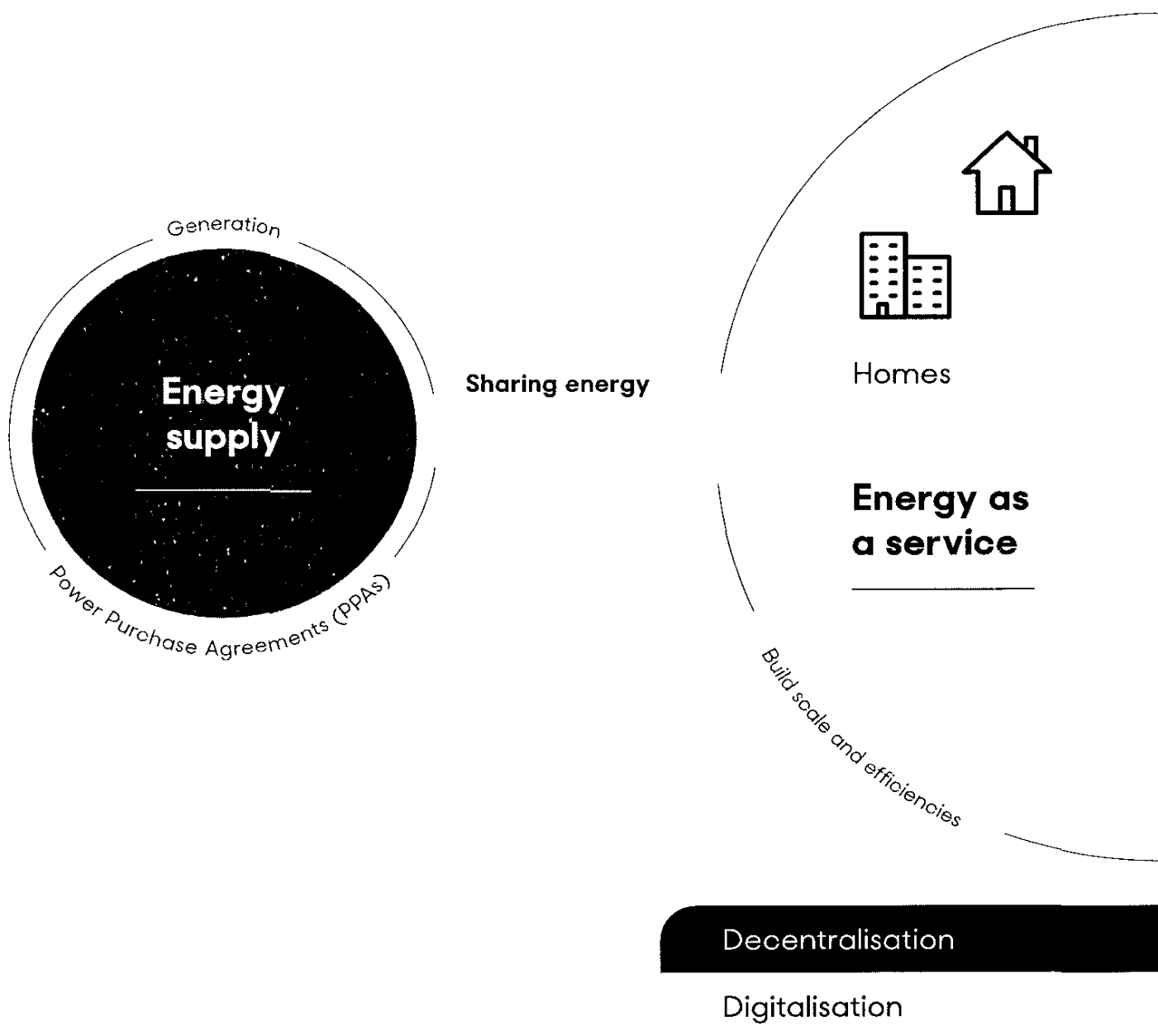
In 2020 we remain confident in our ability to operate in our chosen markets. We expect growth to carry on being driven by business volumes. Continued digital investment will fuel customer propositions, supported by a cash generative business model. We aim to realise a return on our investments made to date, while taking advantage of further strategic and commercial growth opportunities. We will make further investments across the business as we continue our evolution as an integrated clean energy supplier, building on our long and successful history in this market.

Will Whitehorn

Chairman
3 June 2020



The business model – energy as a service



Regenerative

Provide energy that doesn't contribute to – and works to – combat climate change



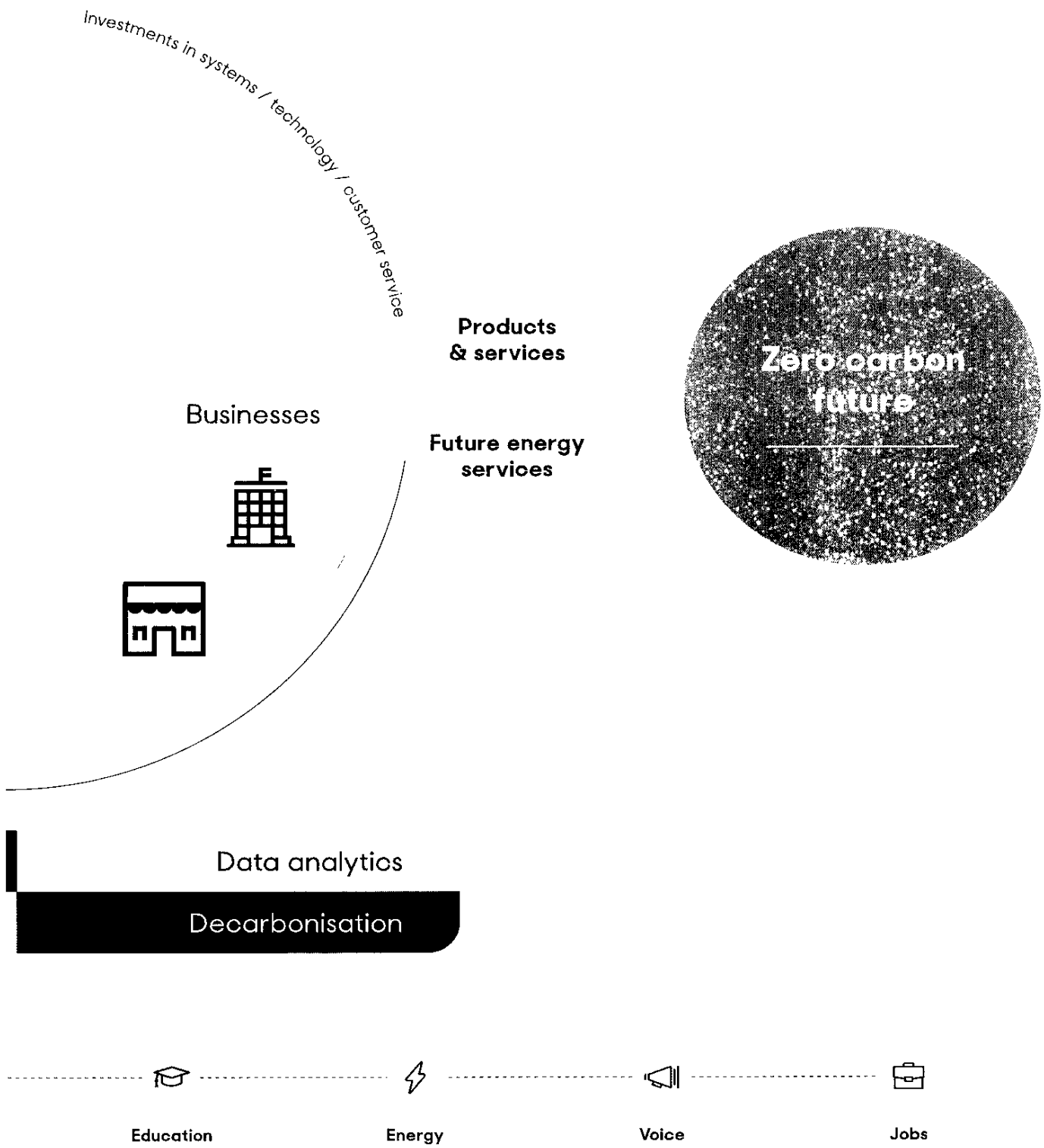
Health



Income



Gender equality



Chief Executive Officer's review

Our market and positioning

Our addressable markets in both the domestic and business markets continue to grow. We have seen a secular shift in customer demand following a growing societal awareness. This focus has not been limited to households, but businesses and financial institutions as well. BlackRock, Goldman Sachs and Microsoft have all recently released bold visions for the future focused on combatting the climate emergency. Businesses recognise that they need to provide solutions for their own customers and staff. Demand for green propositions is now firmly part of the mainstream conversation.

In 2018 and 2019 we have successfully put Good Energy on a new trajectory. Embracing the potential of the business sector, as well as focusing on generating and managing power behind the meter; sharing power rather than supplying. We believe we have found a niche where we can utilise the expertise across our business effectively and compete in the ever-changing energy market.

Twenty years ago, we launched net zero electricity to enable people to be part of the solution to climate change. Over the next twenty, we will continue to support the transformation of the electricity market to 100% renewable. We will also work to transform the heat and transport markets, too. In doing so, we're expressing our purpose of taking responsibility for addressing the climate emergency and protecting our planet.

Our objective

Overall, our aim is to support the move to a renewable future. Our long-term goal is to support Good Energy customers to have a zero carbon footprint in electricity, heat and transport as part of the transition to a zero carbon Britain. In 2020, our focus is on building the platform to allow customers to start a journey in electricity, heat and transport towards reaching zero emissions. Genuinely smart tariffs and products, electric vehicle (EV) propositions and continued supply backed by 100% renewable electricity and carbon neutral gas.

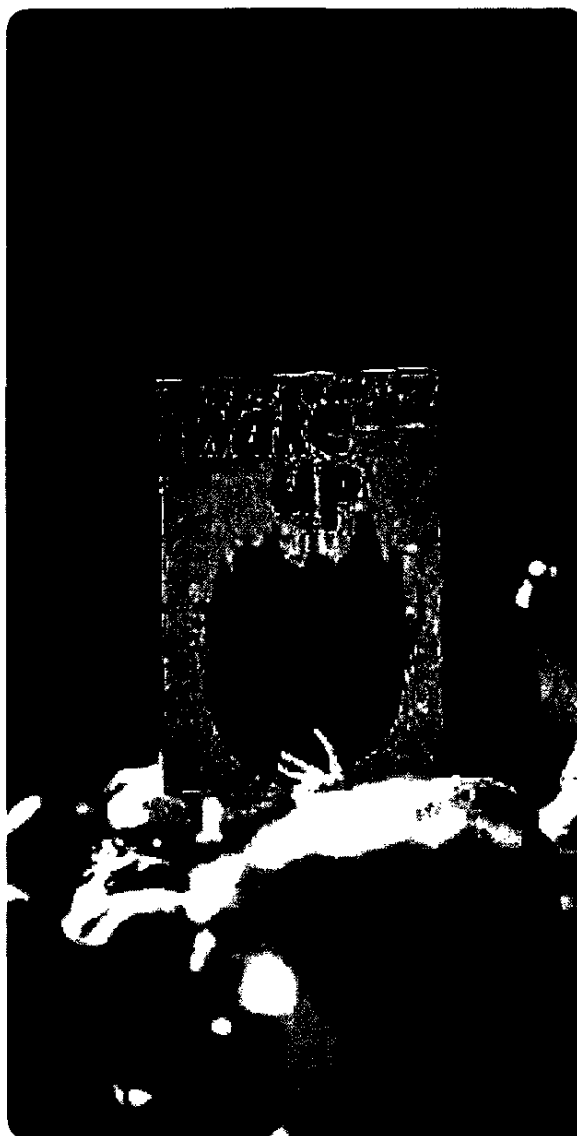
Our opportunity in a decentralising market

When the Group was founded, 98% of the UK's power was from non-renewables and customers had far less choice than they do today about where their energy came from. Today, 35-40% of the national fuel mix is now from renewable energy sources. We are proud of the part we have played – and continue to play – in supporting renewable generation that is making the power grid cleaner.

Good Energy continues to supply 100% renewable electricity, now from 1,500 different locations across the UK. We are also one of the largest Feed-In Tariff

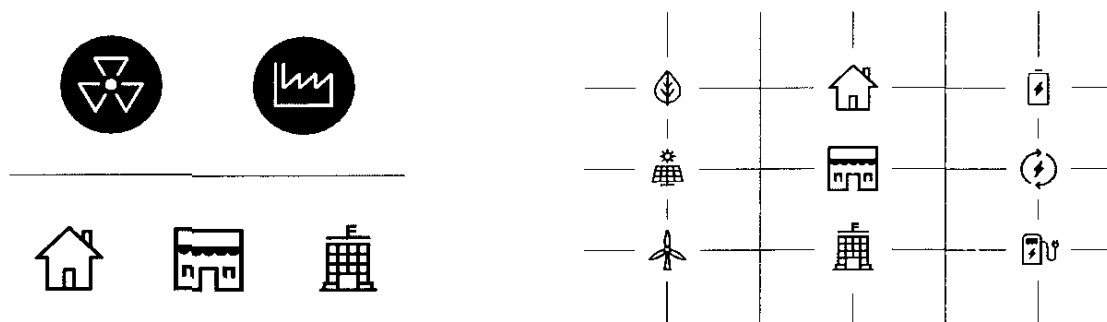
providers. In 2019, we received recognition that the way in which our model supports renewable generation is different from the vast majority of suppliers. Ofgem granted us permanent derogation from the price cap on standard variable tariffs, recognising that our customers choose to be on this tariff which enables us to provide a high level of support for renewable generation. Additionally, Which? magazine gave us the highest green rating in their 2019 investigation into green energy tariffs.

Our purpose remains to power the choice of a cleaner, greener future together by helping people to be part of the solution to the climate crisis. This is at the core of who we are. And it remains central to our strategy today and into the future.



Our vision for the clean energy grid of the future

It is our belief that the clean energy grid of the future will no longer be dominated by a few large fossil fuel and nuclear based gigawatt generators, but will instead be comprised of millions of households and businesses generating, using and sharing clean, renewable power.

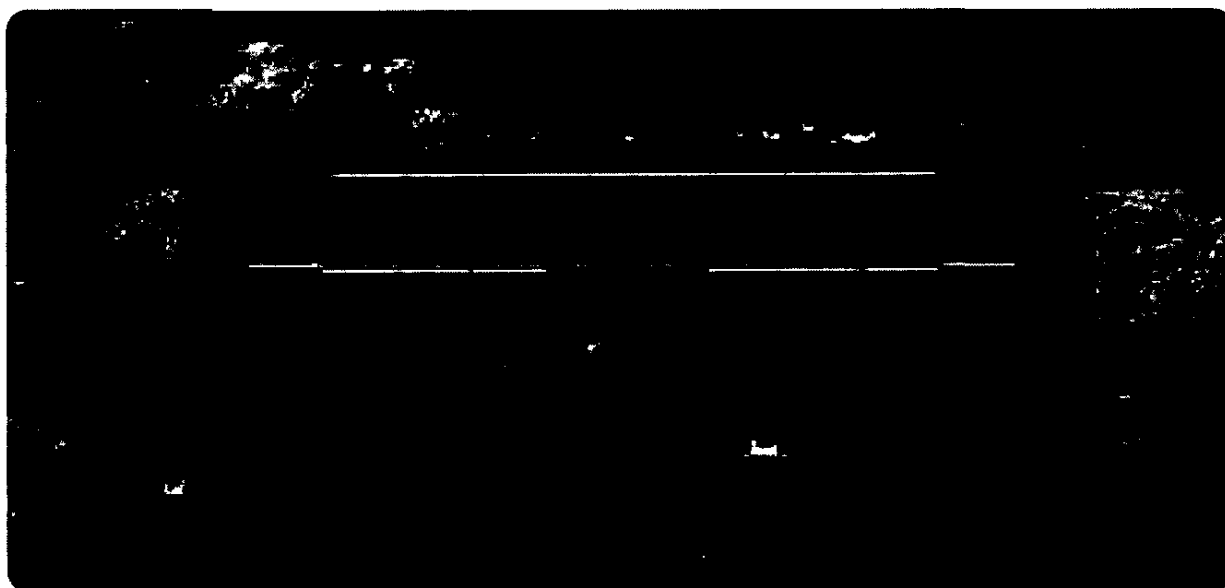


These new generators will need energy services to support them – and this shift represents a major opportunity for us. We estimate that today there are approximately one million renewable energy generators powering the grid. We are unique among UK energy companies in having more generation customers that we support with FIT management than supply customers, making us well placed to sell the services that enable energy sharing. The key will be to make being a low carbon household or business of the future simple.

Energy as a service - the business model

Our business already has a foothold in the energy sharing future. Evolving our model to enable energy as a service manifests in four key themes: decentralisation, digitalisation, data analytics and decarbonisation.

This shift from the old world of energy generation and supply towards technology enabled energy services is already happening and is what will drive the future of our business. Best in class digital technology and products, underpinned by real time data analytics will help customers understand and act upon their energy needs, allowing us to help them decarbonise their lives.



Our strengths

Credibility and trust

- 100% renewable for two decades
- People who are experts in their fields, highly engaged with clean energy

Expert partnerships

- Proven understanding of renewables attracts leading partners in the energy sector and beyond
- Research and innovation into clean energy technologies with our project partners

Experienced leadership

- Strong leadership team with extensive industry experience
- *Non-management Board of Directors with expertise in brand development, renewables and digital platforms.*

The future of Good

Our business model allows us to directly interact with customers throughout the entire value chain. From power generation to clean energy use, all the way through to how customers engage with how they use and save energy.

We see our medium-term growth focused on two key areas: (i) the home and (ii) businesses. This is underpinned by both the utilisation of 47.5MW of installed renewable capacity, and our access to power purchase agreements (PPAs) and export from generators in the future.

In both home and business, we intend to build a platform for future growth through system investments, which will enable us to benefit from scale and drive efficiencies. In the home, this will be realised through the investment in the Kraken customer technology platform, while business will enhance its existing customer service capabilities.

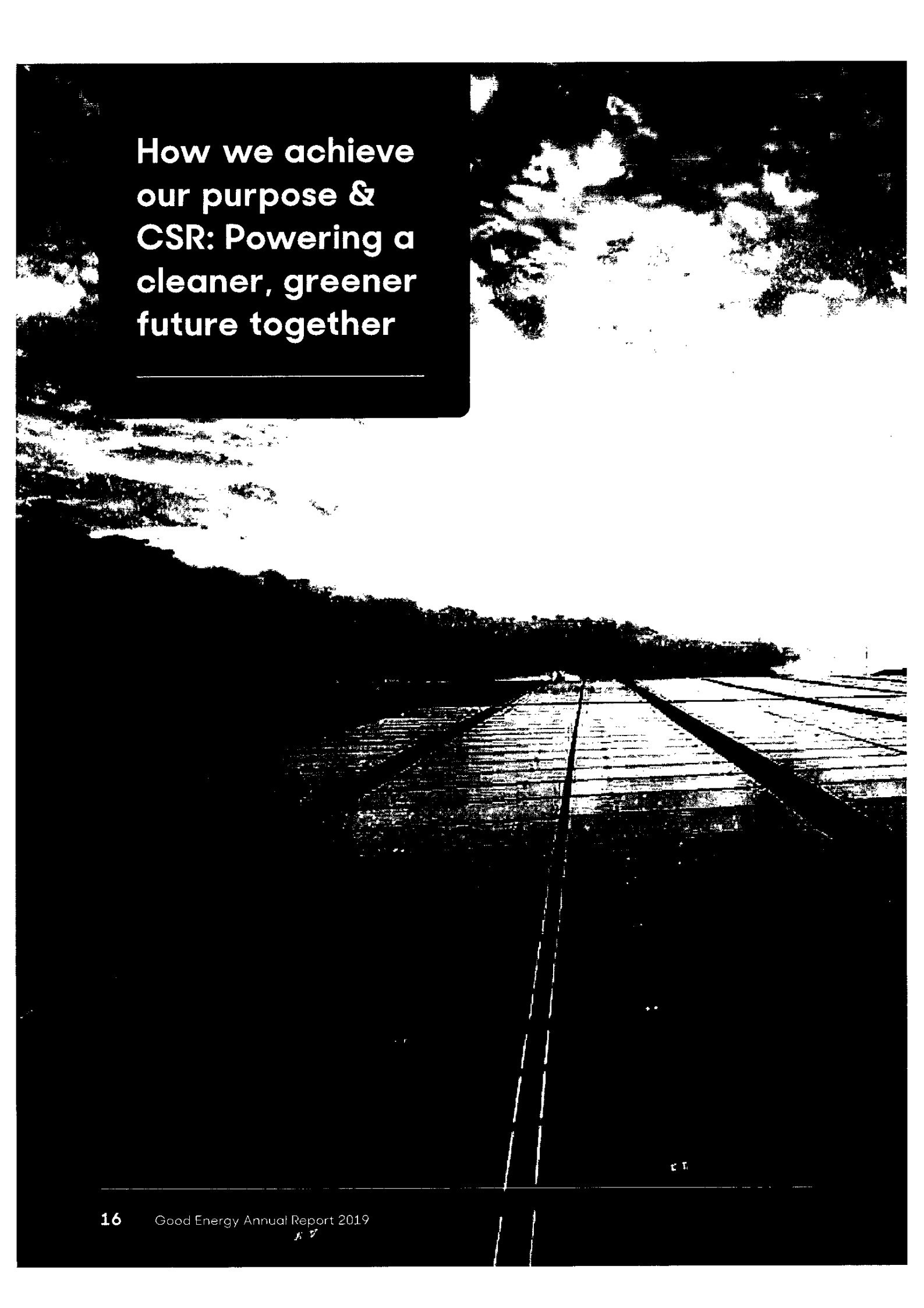
This platform will allow us to expand the customer proposition through improved products and services. We have a clear roadmap for future energy services, ranging from expanding the number of business customers the Group supplies gas to, to battery storage and electric vehicle (EV) opportunities including leveraging our investment in Zap-Map. We will invest in the right systems, technology and customer service levels to benefit all our customers and drive growth.



Juliet Davenport

Founder and Chief Executive Officer
3 June 2020





How we achieve
our purpose &
CSR: Powering a
cleaner, greener
future together



Strategic review

Compliance with section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires directors to promote the success of the Company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including shareholders, clients, employees, regulators and the wider society in which it operates. Throughout this Strategic Report, we have set out how we have engaged with our key stakeholders and how the Board have considered their interests during the year when making strategic decisions.

Strategic goals to drive growth

Successfully delivering on our business plan will drive sustainable growth through:

- Lowering customer acquisition cost
- Implementing the systems and scale to acquire customers more effectively
- Improving customer retention
- Complementary new products and services that compel customers to stay for longer
- Increasing customer lifetime value
- Drive greater value from the Group's customers through becoming more efficient and selling more products and services.

Achieving these goals will provide clear benefits for our customers. Our aim is to create more compelling propositions geared towards helping people cut their carbon emissions. These propositions will simplify customers' lives and meet their needs.

Investing for growth

Our strengths

Our 100% renewable status, over the past twenty years, gives us credibility with customers and the experience and knowledge to attract leading partners in the energy sector. We have developed a proven expertise and an understanding of the renewable energy and clean technology markets underpinned by partnerships with like-minded companies.

Our people are experts in their field and have high levels of engagement. This has been fundamental to helping us build a strong reputation over time. Leveraging this expertise, working in partnerships and focusing on innovative technology is at the heart of what we have always done as a business. We continue to develop research into clean energy technologies, and work in close partnerships to deliver these innovative products and services.

Recent projects with Octopus Energy, Ørsted and Zap-Map are evidence of our continued progress in our markets.

To achieve our strategic goals, we will accelerate investment in products and services across several key strands. These will cover both our domestic and business customers as well as having the appropriate capital structures to achieve scalable growth.

Transformation through technology: Kraken platform investment

Putting our expansion plans into action requires a step change in performance: combining automation, case management and technology to support our business processes. Our investment in a proven customer services technology platform and operating model with Kraken Technologies Ltd., part of Octopus Group, was identified as a required first step to facilitate these plans.

This investment, announced last year, is in line with our goal of lowering customer acquisition cost, improving customer retention and increasing overall customer lifetime value through an improved offering of products and services. This platform will enable significant future growth potential in our domestic business.

Total forecast investment of £4m will be split approximately equally between cash and non-cash elements. Operating cost savings will be realised through a significant reduction in headcount and operating cost efficiencies. They are expected to achieve payback of the forecast investment within 18 months of the Q2 2020 full implementation.

The write down of existing systems and the cash investment into implementation and transition will be taken across 2019 and H1 2020. Transformation costs of £865k were incurred in 2019.

Expected efficiency savings will be reinvested in both price and further proposition development and roll-out. This will enhance existing products, services and competitiveness. The new platform will provide significant scalability and flexibility. It will enable digital and clean technology innovation of significant benefit to customers.

Home

Our addressable market in domestic supply continues to grow in line with the societal shift towards climate action. Around half of the UK's twenty-five million households feel climate change is important. These households with 'good intentions' to reduce emissions account for roughly 25% of our addressable market, providing a significant growth opportunity.

However, the domestic market remains highly price competitive, reflecting the ongoing energy

price sensitivity across the wider economy. We have also seen substantial market volatility and since the start of 2018, at least 18 companies have exited the market. On top of this, there has been a shift in politics, policies and society as the climate crisis begins to play a larger role in everyday decision making.

Our new customer services technology platform will allow us to improve our service; decrease customer acquisition costs through being better able to take on customers at scale; and to realise expected operating efficiencies through a lower cost to serve. These savings will allow the Group to reinvest in customer propositions – making tariffs more competitive and improving customer retention over the medium term.

To continue improving customer retention, we also plan to provide a suite of low carbon home services; the market for which is anticipated to grow to over £5 billion by 2023. Our propositions will focus on energy management, control, and connectivity in line with our addressable market and customer demand. These will include the roll out of smart metering (with the latest SMETS2 technology) and in-home devices such as smart energy monitors and thermostats. We are already trialling smart energy monitors with a small number of customers and will begin a larger rollout throughout 2020.

Our strategy is clear: we will reduce our cost to serve through improved customer service systems. We are developing new propositions with existing customers and will acquire new customers with a lower cost to serve and acquisition cost, through an improved bundle of propositions.

Business

We see a significant opportunity to expand with mid-market industrial and commercials (I&Cs). Corporations are becoming increasingly aware of the need to power their operations sustainably. This grows our addressable market, expanding the number of larger electricity supply customers and extending into gas. We will also continue targetting consumer-facing brands in the leisure, tourism, arts, property and services sectors.

In 2019, business supply outstripped domestic supply numbers for the first time. There is an expanding opportunity to build our business proposition while maintaining healthy margins, with a substantially lower acquisition cost and better retention rate than the domestic supply base.

We have a pipeline of planned propositions to enhance relationships with our business customers ranging from supply to carbon reduction services, to help businesses understand their energy usage and provide benefits for their employees and customers.

For example, we recently launched an electric vehicle (EV) charging solution for businesses, One Point. This provides businesses with the infrastructure and capability to act as a dedicated EV charging destination. Developed following detailed market positioning work and existing customer insight, we refined the proposition through a soft launch before launching a full roll out. We are also working closely with Zap-Map to leverage an increasing number of propositions and services for both our existing and potential customers.

Alongside further propositions, we continue to invest in systems and people within our business teams that will support future growth and customer retention.



Our EV investment in focus: Zap-Map

In Zap-Map (ZAP), we have invested in the UK's leading electric vehicle data platform. This creates huge opportunities to launch products and services in the crucial area of zero-emission transport – and is also a catalyst for the sharing economy.

ZAP is the go-to app for Britain's 280,000 EV drivers, used for planning routes, identifying charge points, checking their availability and sharing power. With close to 250,000 app downloads and more than 90,000 registered users, ZAP has a significant user base within the fully electric EV market. Both the number of EV drivers in the ZAP community and the number of charge points in its network have been increasing rapidly, which enhances the breadth and quality of the available data. By actively logging the status and availability of the public charging network, ZAP provides crucial insights on individual users charging experience and requirements.

Leveraging the UK's leading EV platform

With the Government consulting on pulling the sales ban on new diesel, petrol and hybrid vehicles back five years to 2035, the growth potential for the UK EV market is compelling. It is forecast to grow at an accelerated rate with more than 1 million EVs on UK roads forecast by 2025. This is driven by factors including:

- Subsidies and exemptions for EV purchases and charging
- Road tax exemption
- 0% Benefit in Kind tax rate for EV company cars
- An expanding number of new models on the market.

Charge point availability is also a significant influence. In May 2019 the number of EV charging locations in the UK overtook the number of petrol stations in the UK; a key milestone in diminishing range anxiety for current and future EV drivers. We are at the birth of a growing market, on the route to zero emission motoring. Through ZAP, we invested in this market to be part of this future.

Smoothing the transition to EV

ZAP helps existing and potential customers with the transition to EV driving. ZAP is the foundation, allowing customers to plan and check routes. Zap-Pay, soon to be launched, will enable users to access and pay across multiple networks through one single app – reducing one of the key barriers for mass EV adoption.

Range anxiety persists for many potential EV drivers. However Zap-Map's new route planning function, linked to real world driving distance and availability of various charge points, provides users with the information to overcome this perceived difficulty.

Delivering value for business

Businesses will play an ever-increasing role in the adoption of EVs. ZAP is well placed to provide products and services to capitalise on growth in this market.

As businesses look to evolve their own EV propositions, understanding EV usage data will be key. With the data they possess, ZAP are building a platform to provide businesses with genuine insight on the state of the market. Additionally, ZAP release regular market insights and reports which can help businesses plan their next steps.



Strategy in action – recent, ongoing and future initiatives

In 2019, we have been focused on laying the right foundations for growth. This has consisted of systems, people and proposition investment. We have already begun to implement the Kraken customer technology platform, have invested in our leadership team and have a clear proposition roadmap in place for 2020 and beyond.

We continue to refine our proposition pipeline, with several products in development.

One Point: innovative solutions for a growing and fragmented market

The EV market is currently fragmented and complex, but it will soon be essential for UK businesses to offer charging facilities and services. We are now offering a new solution to make it easier for businesses to install chargers and to secure available network capacity. 2019 saw the launch of One Point: our end-to-end service which supports businesses wanting to offer EV charging to their staff, customers and visitors. We ran a pilot with our customer, Watergate Bay Hotel; installing four charging points on the premises, with two more planned. Further pilot projects will be launched soon with our partners. Lessons from the pilot scheme will help us expand One Point to companies up and down the country, with the potential to integrate Zap-Map to enable open and simple access to all One Point charging locations.

Investing in innovation

The clean energy sector is constantly evolving, and we want our customers to be a part of it.

That's why we're working on new products and services to help customers support a clean energy future, along with investing in new technologies and research. Aside from our investments with Zap-Map, smart meters and One Point, we continue to innovate in a number of ways. Recent research projects with both Honda and BestRes as examples.

HAVEN: using EVs for home energy storage

We recently completed an innovative research project with Honda, Upside Energy and Salford University. The study was designed to examine the value of 'vehicle-to-grid' (V2G) technology, where an electric vehicle is used alongside a special charger and other home systems: battery storage, solar panels, a smart hot water tank, and heat pumps. The technology is designed to maximise efficient energy usage, save money, and cut carbon emissions.

BestRes

Our Home Innovation Trial is part of the European-wide BestRes project, which is researching how to better integrate renewable generation into energy grids. We provided each household that signed up to the trial with a smart hub and linked app, which measured energy usage by different types of appliance. The aim is to explore and better understand energy usage and management in the home.



Key performance indicators

Good Energy measures its progress with a number of key performance indicators (KPIs). In 2019, we added new measures which closely align with our business.

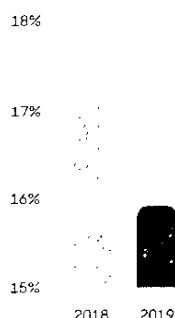
Further detail on the factors driving our KPI performance is set out in the Chief Executive, Financial and Operating reviews within this Strategic Report.

Churn (%)

Reflects the rate of turnover or loss of customers



-1.2%

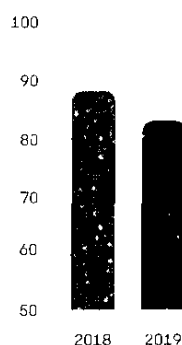


Cost to serve (total business) (£)

Measures the overhead cost per customer excluding acquisition costs (ie. sales and marketing)



-6.0%

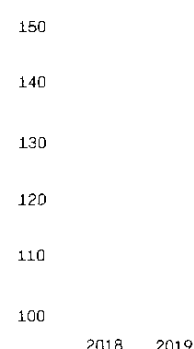


Cost per acquisition (total business) (£)

Measures the cost to acquire each customer



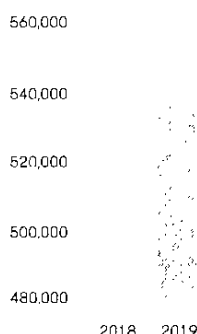
-16.0%



Measures the amount of electricity we supplied to customers



5.5%

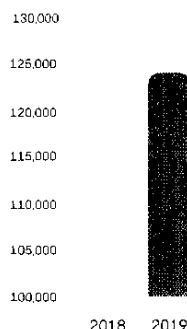


Revenue growth (£'000)

Measures growth in sales over the period²



6.4%

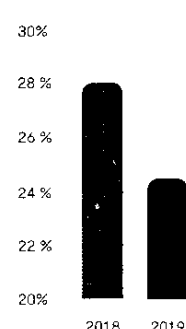


Gross margin (%)

Measures profitability as a proportion of revenue after the cost of sales²



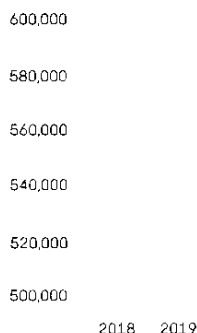
-3.6%



Measures the amount of gas we supplied to customers



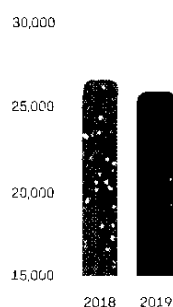
-8.1%



Admin cost (£'000)

Measures operational efficiency by looking at administration cost growth¹

↓
-2.4%



Measures profitability as a proportion of revenue after operating costs²

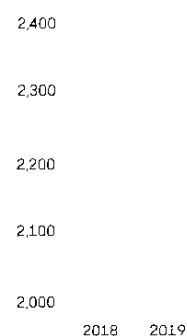
↓
-0.7%



P&L from continuing operations (£'000)

Measures profitability as a proportion of revenue after operating costs

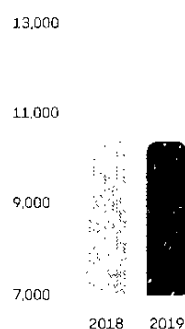
↓
-7.9%



EBITDA (£'000)

Measures profitability of the company before the cost of interest, tax, depreciation and amortisation

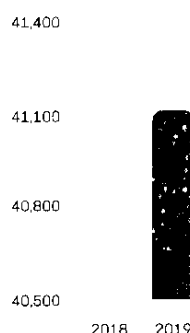
↓
-0.7%



Net debt (£'000)

Measures the Company's ability to repay all debts if they were due immediately

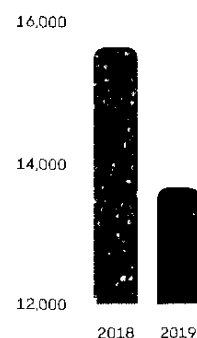
↑
0.5%



Cash & cash equivalents (£'000)

Measures the un-restricted cash and cash equivalents held by the business at a point in time

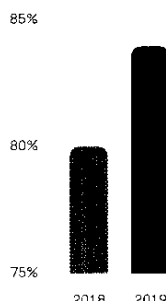
↓
-12.7%



Employee engagement (%)

Measures how engaged our people are based on Gallup 12 survey

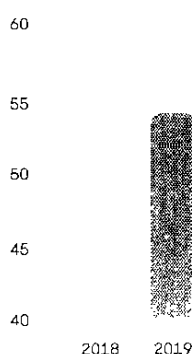
↑
5.0%



NPS

Measures how likely a customer is to recommend Good Energy

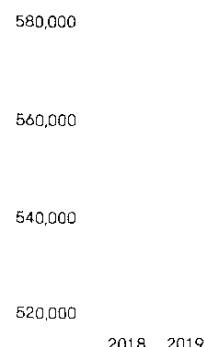
↑
17.4%



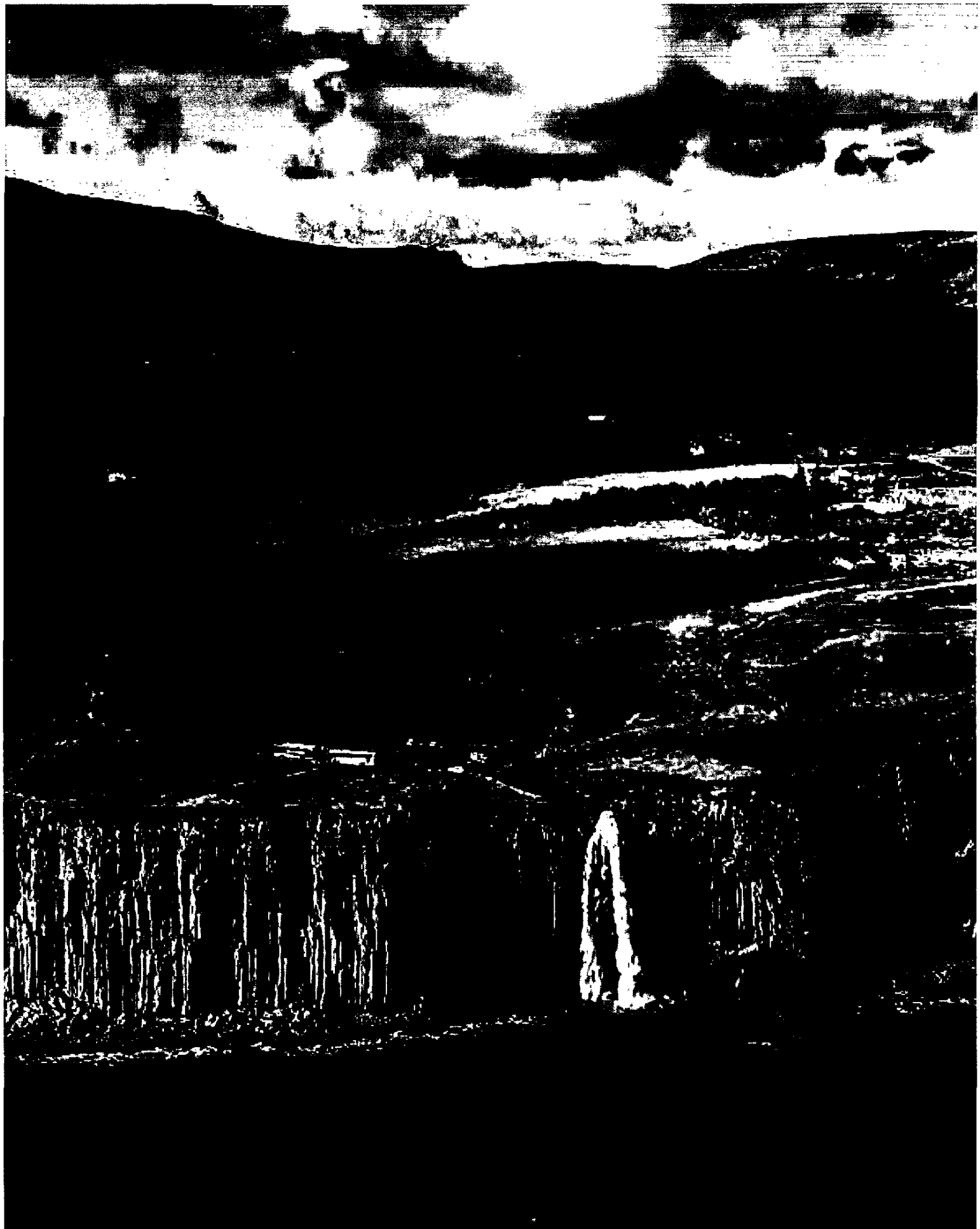
Carbon avoided (MWh)

Measure the carbon we avoided in the year

↑
4.6%



1. Administration cost including depreciation and amortisation
2. Revenue, Margin and EBITDA figures reflect continuing operations



Operating review

2019 performance - continued delivery against our strategy

In 2019 we continued to deliver against our strategic objectives and progress on our journey from energy generation and supply to energy services as a business model for the future. We have taken steps towards achieving this goal by further developing our capabilities across smart metering and investing in technology enabled services to support the rapidly growing electric vehicle (EV) market. Our shift towards business supply was in line with our plans to expand our products into the fast-growing business markets.

Supply - a continued shift to business

Total customer numbers increased by 2.5% to 266.5k. Within that, we saw a continued shift in customer mix in line with our ambitions to focus on the business sector. Including both supply and Feed-in Tariff (FiT) segments, total business customer numbers increased 4.9% to 127.8k, while domestic customer numbers increased marginally by 0.6% to 138.6k.

Customer number growth was driven by an overall increase in FiT customers of 10% to 167k customers. The Business supply growth aligns to the longer-term strategy of a more balanced earning supply portfolio and is the third year in a row of consistent growth in this segment. Domestic supply meters fell by 8.4% in 2019. In line with our stated plans, the ongoing price sensitive nature of the domestic supply market remains challenging. However, Ofgem's decision to award a derogation from the standard variable price cap on a permanent basis provides firm validation of our green credentials.

Our new billing platform, Kraken, is transforming how we serve customers and is expected to drive operating cost savings, customer experience benefits and future growth. This will enable more customers to access competitively priced clean energy and technology services. Kraken implementation is in line with the Company's strategic goals of lowering customer acquisition cost, improving customer retention and increasing overall customer lifetime value through an improved offering of products and services.

Electricity supply volumes grew by 5.5% in 2019 to 542GWh, with business supply slightly exceeding domestic for the first time. Gas volumes fell by 8% to 532GWh, driven by a reduction in domestic supply meters and not seeing a repeat of the extreme cold weather seen in Q1 2018. Gas volumes in Q1 2019 were 42GWhs lower than the same period in 2018.

Our overall customer mix was split 52% domestic customers to 48% business customers. This has shifted from 53% domestic to 47% business split in 2018. We anticipate this shift in focus from domestic to business customers will result in our overall volumes increasing – assuming seasonal weather conditions follow a normal pattern.

Importantly, the business market is driven through quality renewable products and our ability to deliver a more sophisticated solution for businesses than the consumer market. This creates a wide range of potential customers to engage with, particularly in the SME segment of the business supply market. We have a clear policy focused on delivering profitable growth, built around a fair price and better service.

Feed-in Tariff

The FiT scheme closed to new entrants on 31 March 2019. However, for people already signed up to the scheme, FiT payments will continue for up to 20 years. We continue to administer the scheme for both our domestic and business FiT customers. The FiT proposition, in which we have one of the largest market positions, remains an important aspect of our business as it is the foundation of energy as a service in our business model.

Business FiT customers increased 3.8% to 120.0k in the period. Domestic FiT customer growth increased by 32.5% to 46.7k customers, driven by an uptake in registrations ahead of the scheme closure in Q1 2019.

Generation

Our 47.5MW generation portfolio now consists of six solar and two wind sites, following the successful sale of Brynwhilach solar site during the year. The sale of the Brynwhilach solar site completed in May 2019, with the site planned to end up in community ownership longer term. The focus has shifted to delivering value from our existing sites, where generation levels performed well in the period. We are committed to working on our existing sites and delivering value to stakeholders.

We continue to take a prudent approach to the value of our generation business, reflecting the underlying economics of each asset. We constantly monitor both the performance and outlook of all the sites to ensure that our valuation reflects current market conditions.

COVID-19 disclosures

Market overview

Following the ongoing COVID-19 pandemic, we are witnessing unprecedented actions from both Governments and businesses. As a business, we believe that our financial and operational resilience will allow us to react to these market challenges. We remain cash generative and have a strong cash balance. Operationally, our UK focused business is well placed to respond. The implementation of our new customer technology platform is progressing as planned, which provides us with further flexibility to operate and deliver all our products and services to customer.

Energy market

Good Energy and the rest of the UK energy suppliers will have to play their part in supporting the UK population through the COVID-19 crisis. Specific measures on PPM (pre-payment meters) will have limited impacts for Good Energy due to our small PPM customer base (<1k meters, and <1% of our total meters on supply).

However, debt windows and reassessment of bills – including pausing payment – will likely have a greater impact. What remains unclear is the scale of our customer base that these measures will affect. We have undertaken a detailed stress testing approach to understand a range of potential implications.

Business continuity

We have been extremely focused on activating our operational response plan and now have our full business of just under 300 people working remotely. We are operating our core billing, supplier payments, forecasting, trading and customer contact normally although we are needing to make adjustments, such as encouraging substantial self-serve on meter reading etc, given those 3rd party face to face operations are being substantially curtailed.

As of Friday 20 March 2020, GE transitioned to a 100% remote workforce. This was actioned in several waves, to ensure continuity was uninterrupted, particularly within customer care. Good Energy is behaving in an agile way, by identifying employees within the business who may be less busy as a result of COVID-19 and training them to provide additional support to customer care, either in data analytics or customer interaction.

The business works predominantly on cloud-based servers, and already had in place several online communication tools, including Skype for Business and Microsoft Teams. Initial findings have shown that BAU can be achieved, despite the lack of physical proximity. This includes the customer care team, who are now 100% remote working and have seen almost no difference in call waiting times or customer service levels. We expect to be able to maintain this level of service, as we become more accustomed to remote working.

Wider business functions continue to operate as normal whilst working remotely. Forecasting, trading, sales and ancillary functions have all been successful in transitioning to this new model.

Generation sites are likely to be unaffected. Sites can operate without human intervention, and contractors will be able to attend site for any required maintenance as they are exempt from travel restrictions due to utilities being an essential service.

Billing and customer relationship

The business has been proactive in discussions with several of its key customers. Conversations have been held with our largest customers, where we remain confident in their liquidity and ongoing ability to pay. This represents a significant portion of our business portfolio.

For those smaller businesses who are more likely to see negative impacts from COVID, we are working with them to understand their needs. For many who have been forced to postpone operations, we will look for accurate meter readings. This will ensure that any bills they receive will be for lower, actual volumes consumed, as opposed to relying on estimates based on historic consumption. This provides customers with actual figures, and not larger potentially more daunting figures based on incorrect consumption estimates. These conversations are ongoing across all of our business customers, with our sales and billing team being proactive.

We are asking customers to self-serve meter readings where possible, due to the operational challenges with sending technicians out on our behalf. We have seen positive results to date.

Working closely to understand our customers' needs will ensure that we can partner with them during these uncertain times.

Finance

Revenue

From a revenue perspective we expect to see a reduction in energy supply revenue on account of reduced demand in commercial supply, but this is expected to be partially offset by an increase in domestic supply demand.

Cashflow

Clear quantitative evidence to show the impact on domestic demand for Good Energy's customer base is only beginning to emerge. It is clear that there will be an increase in domestic demand, and this will be a natural offset to reduction in commercial demand. However, whilst demand will almost certainly increase, people's ability to pay bills has the potential to be reduced. Cashflow is a higher risk than gross margin when considering the domestic supply business.

We will continue to monitor our expenditure in a prudent manner. There are several mitigations we have already put in place to ensure a good cashflow position is maintained, including a reduction on discretionary spend in the short term.

Uncertainty and stress testing

Uncertainty around the scale, timing and impact of the coronavirus pandemic means it is difficult to give meaningful external guidance for forecasts in the year ahead. We have analysed a range of outcomes for the current year for different sales scenarios. The resulting stress test is very useful; it gives a clear picture of the possible effects on our balance sheet and finances and points to the practical steps we can take to ensure the Company is best placed to cope with all imaginable outcomes.

We have performed stress testing on our cashflows, to determine what is the maximum strain that the business could bear over the next 12 months in respect of the potential impacts of COVID-19 and the full redemption of Good Energy Bonds II in June 2021, against cash requirements, financial covenants with trading counterparties within the supply business and debt covenants within the generation business.

Early impact

We have currently seen no deterioration in direct debit or pay on receipt of bill cash receipts from customers since the start of the COVID-19 pandemic and lockdown.

Early indications have shown a 10-15% increase in demand for domestic electricity and gas with this segment accounting for approximately 55% of Good Energy's supply cash flow. We have seen a reduction of approximately 25% in electricity demand from our business customers. This segment accounts for approximately 45% of Good Energy's supply cash flow. It is a sector diversified portfolio of c.8000 customers including a number of prestige clients. We have currently seen no deterioration in direct debit or pay on receipt of bill cash receipts from customers since the start of the COVID-19. However, as the lockdown period continues, and an economic downturn commences we are expecting an impact on business and domestic customers' ability to pay for energy usage.

Stress testing and going concern

As with all businesses, we have spent considerable time assessing the potential impacts that COVID could have on our operations. Despite the limited impact that we have seen to date, we continue to monitor a range of potential worst-case scenarios. Further details can be found on page 72.

Summary

We believe that Good Energy Group has a resilient financial and operational platform after taking the impact of the COVID-19 outbreak into account. This is due to a strong cash position, the offset of demand impacts between Domestic and Commercial supply, mitigations in place for potential cashflow issues, and successful business continuity plans already in place.

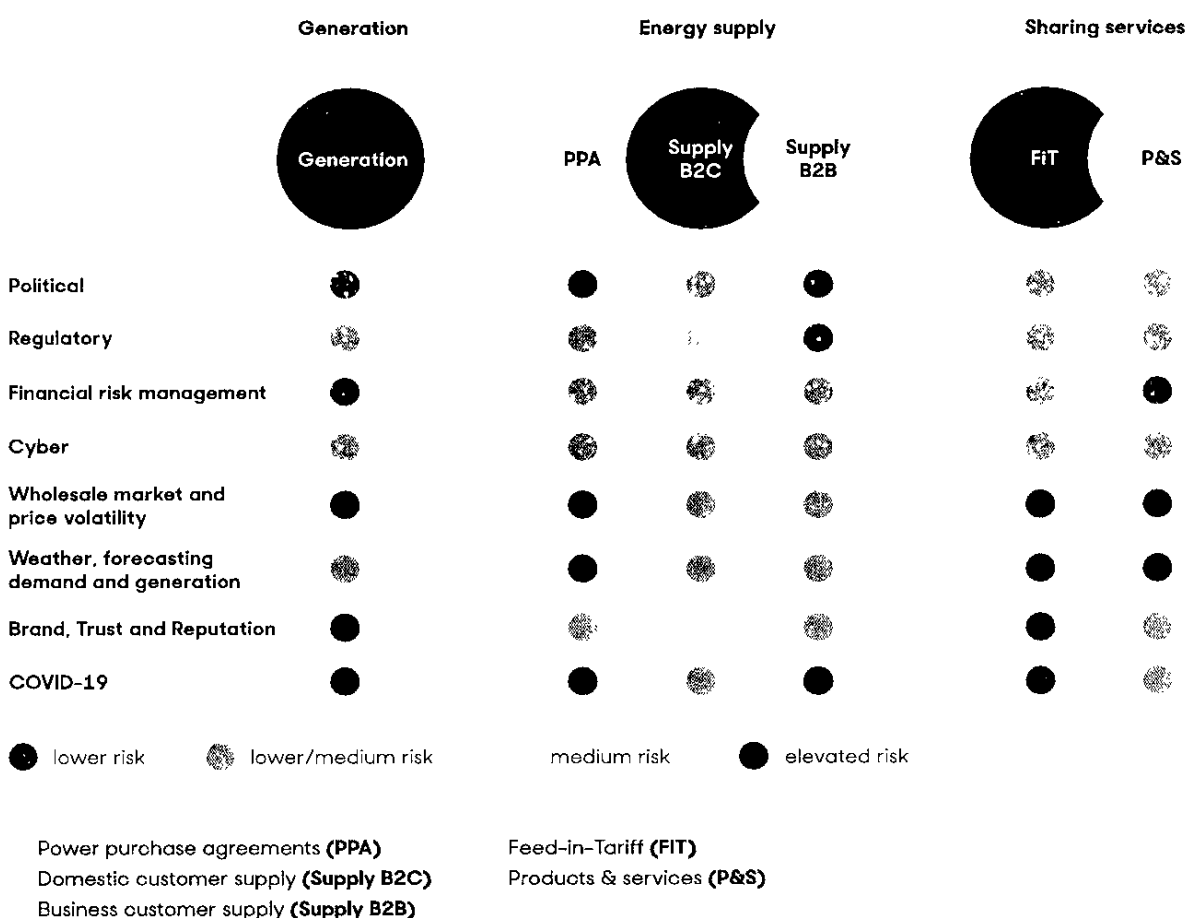
Further information can be found on page 72.

Key risks

Risk management approach:

Good Energy recognises that effective risk management is critical to enable it to meet its strategic objectives.

The Company has a clear framework for identifying and managing risk, both at an operational and strategic level. Its risk identification and mitigation processes have been designed to be responsive to the changing environment in which it operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Group's strategy. The risks below capture those risks that would have the most significant, adverse impact – based on their impact and / or likelihood – on the Company. While the risks are typical of the risks faced by other energy suppliers, we believe the Company is well positioned to mitigate through a combination of our risk management processes, our control activity and our evolving strategic direction.



Our business model

Good Energy has two principal business areas: Supply and Generation. Our Supply business where we serve over 260,000 domestic and business customers and match all the electricity used by them with power sourced directly from 100% renewable sources. Within Supply, our Feed-in Tariff (FIT) administration services help households and business meet either all or part of their electricity demand directly from their own renewable technology.

Our Generation business delivers 100% renewable electricity to the UK electricity grid from eight renewable energy facilities across the UK that Good Energy owns and operates.

Operationally, our segments are supported by a common central operating platform which provides functional support to our businesses around sales, IT, marketing etc. This allows us to achieve efficient scalable growth and to use the platforms to cross-sell different services and capabilities to different customer types. In 2020 we will introduce a new customer services platform. Licensed from Kraken Technologies, a subsidiary of the Octopus Energy Group, the new platform will provide significant scalability and flexibility. Built to efficiently handle large data volumes, it will support the roll out of future smart products and services and provide a single customer view. This will allow Good Energy to play to its strengths in the home and business clean energy services market, through simplifying its customer services processes and supporting a step change in the ability for the company to respond to future customer needs.

Our business model relies on some important partnerships and communities, in addition to our customers who range from individual consumers and households, small businesses through to large corporations.

Our proposition to our customers is to be a trusted and fair customer-focused supplier of 100% clean energy, who is driven by a clear purpose to power the choice of a cleaner, greener future together. This unique proposition, along with our strong brand, are important elements of our business model.

In our Supply and Generation business areas, we continue to ensure we have robust continuity planning process in place to support our operational and financial resilience. The coronavirus (COVID-19) pandemic provides an example of an exogenous shock we have prepared for. We have seen no significant impact from the pandemic to date, however we are monitoring the situation closely while planning for a range of scenarios including changes to current government guidance or policy. The business is confident that it has the flexibility and plans in place to mitigate sufficiently the material impacts of the crisis.



Principal risks and uncertainties

Political risk: In 2018, the government introduced a market-wide Standard Variable Tariff (SVT) price cap. This is a price cap, setting the maximum price that a supplier is allowed to charge for electricity and gas for domestic consumers, focused on consumers that have not proactively engaged in the market and chosen a tariff (and are therefore on the SVT, or other default tariffs). On 1 August 2019, Ofgem awarded us a permanent derogation from the price cap in recognition of the many ways in which the Company continues to support renewable energy generation across the UK. This was recognition of our strong level of customer engagement; active decisions by our customers to be on chosen tariffs; and essentially demonstrating to Ofgem the associated costs of providing green energy.

Successfully proving all these factors underpinned our achieved derogation which will apply for the full duration of the price cap until it is removed in 2023.

Beyond the derogation the past 12 months have seen two Prime Ministers, a general election and the UK leave the EU – Political risk is ever present. As a result, Good Energy will continue to support, lobby and influence wherever it is appropriate especially when it comes to the Green agenda. This has become more and more important politically and in society and Good Energy will continue to push hard to be part of the national conversation on tackling the climate crisis.

Regulatory risk: The energy industry is constantly changing to keep up with technology, consumer needs & demands as well as government policy (e.g. SMART and EU General Data Protection Regulation (GDPR) etc.). Regulations require the Company to make various changes to its procedures within set timelines and have already led and will continue to lead to the Company incurring additional time and cost in order to ensure compliance with these new regulations.

A significant volume of regulatory change is a risk to the Company as it can divert time and resource away from growth initiatives as well as the risk of not meeting regulatory deadlines. The Company has invested in its regulatory and compliance capability and has enabled the Company to respond effectively to the volume of change, thereby reducing the risk. GDPR came into effect from May 2018. Good Energy takes the security of all personal data very seriously and manages the risk in a number of ways to ensure our customer and employee data is protected. There are a number of controls in place to minimise the risks, such as system access rights, mandatory training for all employees upon induction with periodic refresher training appropriate to the employee's role. Our Guiding Principles set the requirements for all employees and contractors which include consequences for non-adherence.

Cyber-attack: As we grow as a business and as technological advances are made, we are increasingly exposed to the threat of cyber-attack. As with many businesses, a successful cyberattack on Good Energy's network could result in the Company being unable to deliver service to its customers, potentially damaging its reputation, and leading to consequential customer and revenue loss. It could also lead to the imposition of financial penalties.

Good Energy continually assesses its security policies, standards and procedures and adjusts them, so they are proportionate to the threat profile the Company faces. The Company actively monitors our threat environment utilising the National Cyber Security Centre (NCSC) which provides weekly updates on the latest cyber landscape.

Wholesale market and price volatility: Revenue from sales of electricity and gas are affected by fluctuations in wholesale prices and the associated costs of purchases when market conditions are volatile. Good Energy mitigates this risk partly through the benefits of its vertical integration, and partly via its forward-looking and prudent hedging policy.

Due to these policies Good Energy was able to hold prices unchanged through 2019 giving its domestic SVT customer base certainty on pricing.

Weather, forecasting demand and generation: On the supply side, temperature drives demand and customer behaviour. From a generation perspective, the impacts of climate change alongside the annual variability of wind speeds and solar radiation, can result in year-to-year fluctuations. Any material reduction could have an adverse impact on financial results.

Accurate forecasting is key, in the long term, to guide informed hedging and thus mitigating against adverse market movements, and in the short term to avoiding imbalance risk. Continued investment in forecasting capability and systems has provided Good Energy with good visibility and forecasting performance.

Brand, trust and reputation: Good Energy's purpose is key to its proposition, damage to its brand and reputation would compromise its competitive position. Good Energy was founded in 1999 to help homes and businesses be part of a sustainable solution to climate change. We remain as true to this purpose as we were twenty years ago.

Our community of shareholders, bondholders, generators, customers and employees are helping create a cleaner, greener future powered by renewables. From using digital innovation to help UK households and businesses manage their energy usage, to empowering them to generate, store and share their own clean power, we are leading the charge towards a cleaner, distributed energy system.

COVID-19: The worldwide spread of the COVID-19 virus and subsequent impacts on people and businesses around the World creates unique risks for all businesses. For Good Energy, those risks can be summarised as cashflow, business continuity, employee welfare and supplier/customer relationships. The Group is actively monitoring the impact of COVID-19 on its business and has put in place a number of mitigations to minimise the impact. The Group has been working with a variety of stakeholders to ensure our UK focused business is well placed to respond. We now have our full business of just under 300 people successfully working remotely. All core business functions including customer care are functioning as expected although we are needing to make adjustments, such as encouraging substantial self-serve on meter reading etc, given those third party face to face operations are being substantially curtailed.

The Group has spent considerable time assessing the potential impacts that COVID-19 could have on our operations. This assessment has taken in to account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure, and potential reductions in revenues resulting from the economic impact on domestic and business customers due to lockdown and an expected economic downturn. Please see the Going Concern disclosure (page 72) for details. .

Financial risk management: This has been considered within note 3 in the Notes to the Financial Statements.

Chief Financial Officer's review

In 2019 we demonstrated financial and operational resilience with a strong cash position. We saw strong business growth, increased our FIT portfolio and made significant investments in line with our strategic shift from supply to sharing power.

Profit and loss

Revenue increased by 6.3% in the period to £124.3m (2018: £116.9m). The increase was driven by strong business supply growth particularly in the second half of the year, offset by lower domestic supply customer numbers.

Cost of sales increased by 10.9% to £92.6m (2018: £83.5m). This was predominantly driven by a market wide increase in commodity prices during 2018, which flowed into the cost base at the beginning of the year. There was also a rise in compliance costs, with significantly increased costs for ROC, CFD and capacity market contributions in 2019.

Gross profit decreased by 5.4% to £31.7m (2018: £33.4m) driven by the increase in commodity prices, lower domestic gas volumes and planned shift to lower margin but more stable business supply customers. Gross profit margin decreased to 25.5% (2018: 28.6%).

Administration costs decreased 5.9% to £25.2m (2018: £26.8m), excluding the one-off £0.9m impact of the Kraken platform investment incurred in 2019, costs decreased 2.7%. To help offset the increased compliance and commodity costs the business kept close control over costs in 2019. Through this we were able to deliver a £1.6m reduction in like for like costs versus 2018.

Our investment in the Kraken billing platform comprises the first stage of our Customer Services 2020 project (CS2020).

This project enables a move to a more customer centric and less resource intensive customer support and billing system. In addition to the initial £0.9m in admin costs in 2019, CS2020 will have further cost impacts before delivering significant ongoing administration cost savings from its activation in 2020.

Total forecast investment in Kraken of £4m will be split approximately equally between cash and non-cash elements. Operating cost savings are expected to achieve payback of the forecast investment within 18 months of the full implementation by Q2 2020. It is anticipated that the write down of existing systems and the cash investment into implementation and transition will be taken across 2019 and H1 2020.

Operating margin decreased to 4.5% (2018 5.7%). Excluding the impact of £0.9m investment costs above, operating margin was 5.2%.

Finance costs increased by 1.7% to £4.3m, as overall debt paydown was offset by an increase in reported finance costs following the implementation of IFRS16.

Underlying profit before tax decreased by 7.9% to £2.1m (2018: £2.3m). Continuing profit before tax – after the impact of the one-off Kraken platform investment – decreased by 45.4% to £1.3m.

The tax charge includes the effects of the impairment of a wind development project and Substantial Shareholding Exemption on the sale of Good Energy Brynwhilach Solar Park Ltd.

Cash flow and cash generation

Our business model is cash generative with £8.1m cash generated from operations (2018: £18.1m), with £10.0m generated before movements in working capital (2018: £10.6m). The performance in 2018 included the recovery from delayed billing and cash collection during 2017.

There was a cash inflow of £1.4m from investing activities (2018: outflow £2.6m) following the sale of Brynwhilach solar site in May 2019. This was reduced by a net outflow of £7.5m (2018: £9.5m) from financing activities following the repayment in full of Good Energy Bond I June 2019 and continued debt paydown.

Funding and debt

The remaining £3.6m of Good Energy Bond I was repaid in full in June 2019. Following the repayment of Bond I, Group finance costs will be significantly lower, making this a positive step towards lowering the Company's ongoing financing costs and reducing the gearing ratio over the medium term.

Net debt increased 0.5% to £41.1m (2018: £40.9m). Excluding the impact of IFRS 16, net debt decreased 12.6% to £35.7m following the bond repayment. Gearing ratio increased to 68.6% from 68.5%. Excluding the impact of IFRS16, the gearing ratio was 65.5%.

The Group continues to maintain a robust financial position. We look to ensure we optimise our use of capital by continually reviewing the returns on our assets, balancing operating requirements, investment for growth, and payment of dividends back to shareholders.

The Group is currently evolving its strategy towards energy services and remains mindful of the need to capitalise on strategic business development and investment opportunities. Prudent balance sheet management remains a key priority.

Earnings and dividend

Basic Earnings per share (continuing) decreased to 7.5p from 10.2p as a result of the underlying performance and decreased profitability. Alongside our ongoing investments, we aim to deliver a progressive dividend policy. Despite a good performance in 2019 and our confidence in the ongoing business, the Board has recommended deferring the full year dividend considering the ongoing COVID-19 pandemic and prudent cashflow management. The operation of the Good Energy scrip dividend scheme whilst still operational, will also be deferred alongside the dividend. The Board will review this position following the publication of our interim results in September 2020.

Investment valuations

As part of our overall financial review, we continue to monitor the fair value of all of our investments through an understanding of the wider environment as well as the underlying economics of all assets across the business. As a result of this process, the Board has decided to fully write down the value of our investment in its remaining un-developed wind farm site.

The investment had a carrying value as at 31 December 2018 of £1.3m and is reported under Discontinued Operations.

Non underlying costs

An amount of £865k has been incurred as non-underlying costs within the period. This amount relates to the one-off expenditure resulting from implementing the Kraken technology platform and associated restructuring costs.

IFRS16

The business implemented IFRS16 regarding treatment of leases as a new accounting standard in the period, affecting the treatment of leases. Further details can be found in the notes to the accounts (note 16).

Investment in associate

The share in loss of associate of £42k in the period, relates to the equity stake investment in Next Green Car Ltd. Further details can be found in the notes to the accounts (note 18).

Outlook

The business continues to perform in line with management expectations. We have seen no significant financial impact from the coronavirus (COVID-19) outbreak to date, however we are monitoring the situation closely while planning for a range of scenarios including changes to current Government guidance or policy.

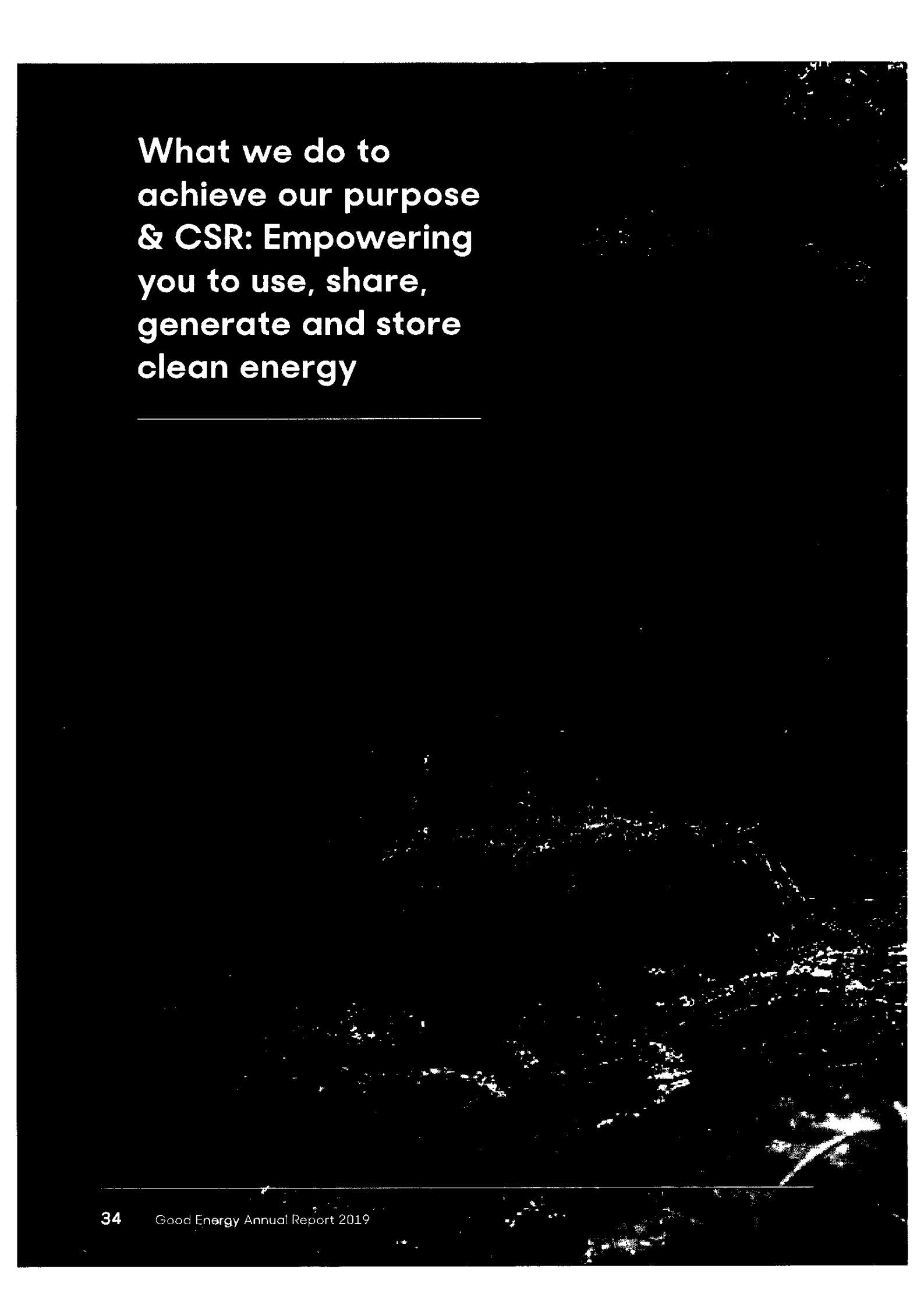
We believe that Good Energy Group has a resilient financial and operational platform after taking the impact of the COVID-19 outbreak into account. This is due to a strong cash position, the offset of demand impacts between Domestic and Commercial supply, mitigations in place for potential cashflow issues, and successful business continuity plans already in place.

In 2020, underlying profit growth will be underpinned by both core business growth and finance cost savings. Following increased investment throughout 2019, we are focused on execution in 2020. We will monitor our execution to deliver system improvements, digital and online capabilities to drive future growth and the longer-term strategy. These investments will provide us with a platform for future growth beyond 2021.

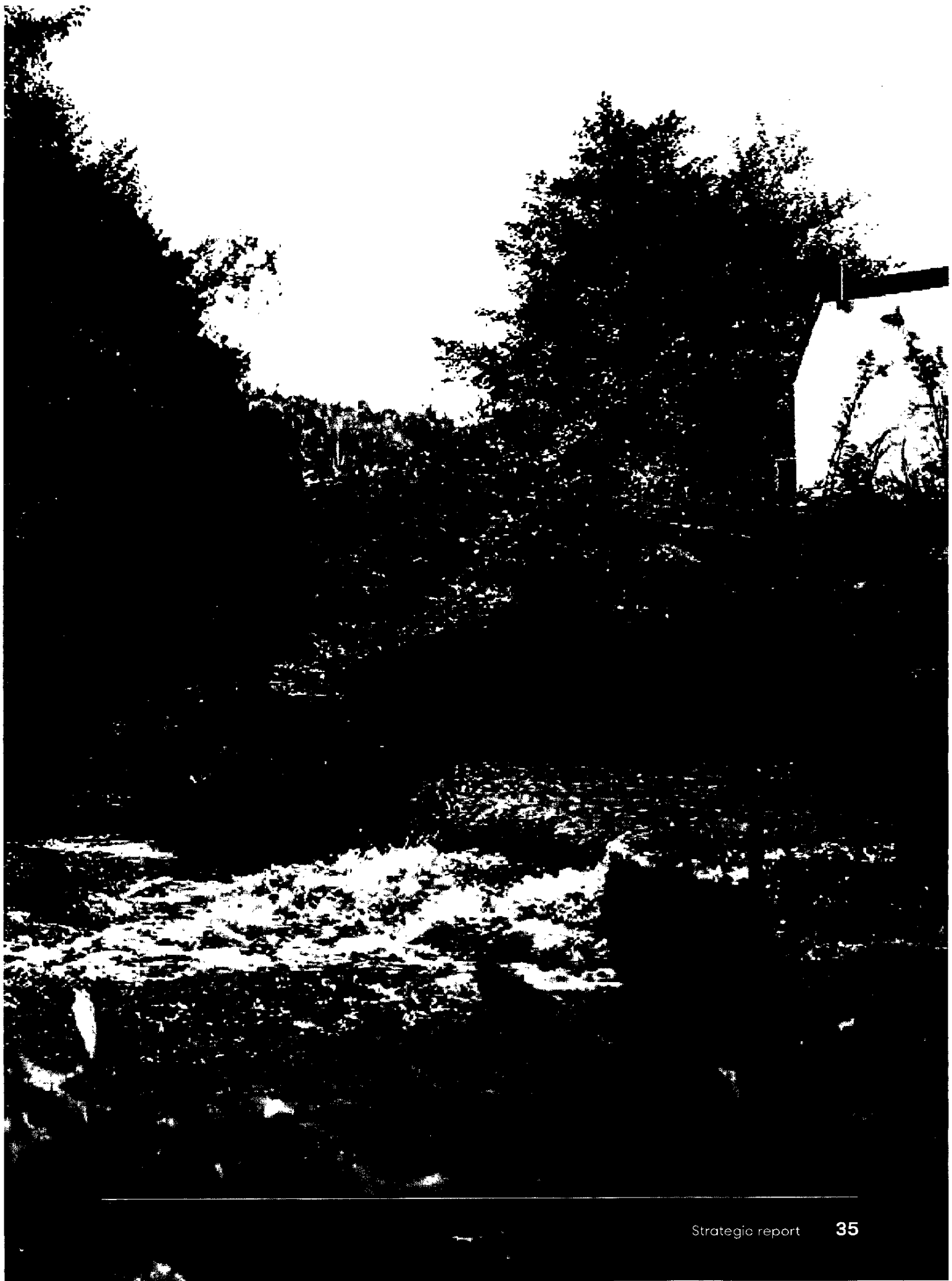
Rupert Sanderson

Chief Financial Officer
3 June 2020





**What we do to
achieve our purpose
& CSR: Empowering
you to use, share,
generate and store
clean energy**



A regenerative business

Sustainability is an increasingly important focus for businesses of all sizes. The UN's Sustainable Development Goals (SDGs) provide a guiding framework. These 17 goals range across environmental and social factors, from protecting life on land to ending hunger.

Good Energy is a founding member of the UK Stakeholders for Sustainable Development – a network of organisations working together to act on the SDGs in the UK.

Two of the SDGs are at the core of everything we do:



People: Affordable & clean energy (Goal 7)

Empowering our customers to be part of the solution to the climate crisis is central to our purpose. We do this by sourcing 100% of our electricity from certified renewable sources. And we continue to support households and businesses to benefit from generating their own renewable power – a distributive approach to increasing access to affordable, clean energy.



Planet: Climate action (Goal 13)

We started life as a business to fight climate change. This informs how we operate as a company on a day-to-day basis. We work hard to accelerate climate action in everything we do; from lobbying government to take stronger policy measures to public petitions in support of clean power.



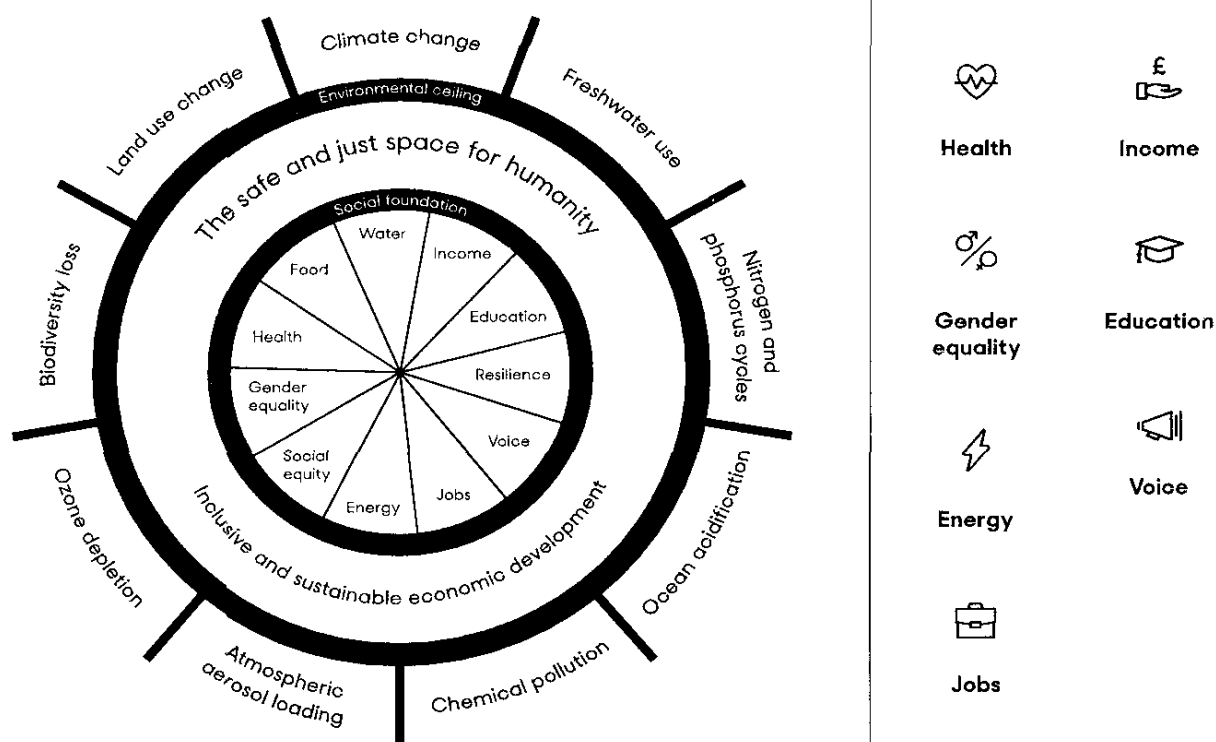
How can the SDGs be achieved?

Economist Kate Raworth argues that sustainable development is nearly impossible under our current economic system: a linear economic model that relies on endlessly extracting resources.

To change this 'degenerative' linear economic system, Raworth proposes a 'doughnut' model for the economy that is based on the SDGs, covering environmental and social factors with a safe space in between. Being 'within the doughnut' means meeting the social needs of people, whilst not having a harmful impact on the planet. She explains that there are several levels of responsibility a business can take for its social and environmental impact: do nothing, do what pays, do your fair share, do net zero, or be regenerative.

Being regenerative means making a positive impact for both people and planet.

Good Energy is aiming to be in this category – we want to go beyond 'net zero' and have an actively positive impact on the world.



How Good Energy fits the model

The social foundation of our business is to provide energy in a way that doesn't contribute to – and works to combat – climate change.

In doing so, we also strive to positively engage with other elements of Raworth's model. Altogether, our aim is to become a fully regenerative business and have a net-positive impact across the SDGs.

Our environmental impact: combatting climate change with clean energy



Zero-carbon Britain

Good Energy has always set an example for what is achievable in clean energy for the UK. When the company was first founded, no other energy company was doing 100% renewable electricity. We created HomeGen in 2004, allowing people to get paid for generating clean power at home, which became the blueprint for the government's Feed-in Tariff scheme that led to an explosion of hundreds of thousands of small-scale renewable generators. With the UN's next international climate change conference, COP26, due to take place in Glasgow, the country has an opportunity to show global leadership.

We intend to build on our historical role in clean power – and lead further in the ever more pressing areas for decarbonisation: heat and transport.

Changing the energy conversation

We work hard to inform the debate around energy and climate change. The market is changing rapidly, and consumers need to play a central role in shaping the country's energy mix. We are supporting people to do this by calling for greater transparency about green energy tariffs.

The fight against greenwashing

Good Energy has been leading the fight against greenwashed energy tariffs for the past three years.

This is the practice of buying renewable certificates, called REGOs, separately from the power they relate to at a very low cost. Many energy suppliers are using the loophole to offer customers '100% renewable' tariffs without buying any renewable power.

In the past year, the campaign has drawn the attention of both the regulator, Ofgem, and Which? magazine. In September, Which? published a report on the problem, calling out the majority of energy suppliers and giving Good Energy the highest 'dark green' rating for its power.

Following this success, which was widely covered in the national media, Ofgem has revisited greenwashing in its new Decarbonisation Action Plan. The plan explicitly states: "We are aware of growing concerns about 'greenwashing'...we expect suppliers to be transparent about what constitutes a 'green tariff' and we will undertake work to ensure that consumers are not misled."

Price Cap Exemption

In 2019, Ofgem introduced the price cap on default energy tariffs, designed to protect consumers who are on the most expensive standard variable tariffs – often without realising it.

Good Energy was one of three green energy suppliers to be awarded a temporary derogation to the price cap when it was first introduced. After a lengthy application which went into every aspect of our business the regulator awarded us a permanent exemption from the cap, recognising we offer material support to new renewable generation in the UK. And our customers actively choose to support this unique service when they join one of our tariffs.

The exemption proves that Good Energy is different, offering a service to customers which can't be matched by the vast majority of energy suppliers.



Our wind farms and solar parks

The decarbonised energy system will be built on technology-enabled energy services, allowing the flexibility needed for a 100% renewable electricity grid in the UK. We are applying this vision of the future energy system to how we serve our customers. All underpinned by our own wind and solar parks which are the bedrock of our business and contribute to the UK's renewable generation capacity.

Good Energy owns and operates six solar parks and two wind farms. We've taken care to consider how the biodiversity of our sites can be protected and enhanced where possible, and also how our sites can benefit the communities in which they are based.

Delapole

Location: Cornwall

Capacity: 9.2MW

Homes powered: 6,400¹

Community fund: £9,200² per year.

Projects supported include new fencing for the allotment society and installing solar PV at the cricket club.

Harnpole

Location: Yorkshire

Capacity: 8.2MW

Homes powered: 5,400

Community fund: £8,200 per year.

Projects supported include a public wildlife garden, improvements to local churches and support for community action and neighbourhood watch groups.

Rook Wood

Location: Wiltshire

Capacity: 5MW

Homes powered: 1,250

Biodiversity: Wildflower meadow to support pollinating insects, bird and bat boxes on existing mature trees.

Community fund: £5,000 per year.

Projects supported include a garden project at the local primary school and community coffee mornings.

Crossroads

Location: Dorset

Capacity: 5MW

Homes powered: 1,250

Biodiversity: Wildflower meadow to support pollinating insects, sheep grazing, on-site beehives.

Community fund: £6,000 per year.

Projects supported include the installation of solar PV on the roof of a local school and energy-efficient heating for the village hall.

Carloggas

Location: Cornwall

Capacity: 8.3MW

Homes powered: 2,200

Biodiversity: Diverse grassland, butterfly and moth friendly planting, bird and bat boxes on existing mature trees.

Community fund: £8,300 per year.

Projects supported include installing a new heating system in a local community centre and providing community waste and recycling bins.

Woolbridge

Location: Dorset

Capacity: 5MW

Homes powered: 1,350

Biodiversity: Wildflower meadow, sheep grazing.

Community fund: £5,000 per year.

Projects supported including refurbishing a library, improving a local skatepark and installing solar PV at three primary schools.

Creathorne Farm

Location: Cornwall

Capacity: 1.8MW

Homes powered: 1,350

Biodiversity: Wildflower meadow to support pollinating insects, sheep grazing.

Community fund: £60,000 grant split between the parishes of Poundstock and Marhamchurch.

Lower End Farm

Location: Wiltshire

Capacity: 5MW

Homes powered: 1,300

Biodiversity: Enhancing existing hedgerows to support birdlife, diverse grassland, wildflower meadow to support pollinating insects, sheep grazing

Community fund: £7,500 per year.

Projects supported include enabling Worton and Marston Village Hall to run free community events, church repairs and buying a community defibrillator.

¹ Data for number of homes powered is approximate and based on average annual household electricity consumption for 2017 of 3,750.08kWh (Source: BEIS: Average annual domestic electricity bills by various consumption levels 2017)

² All community fund amounts rise with inflation



Carbon neutral gas



As well as 100% renewable electricity, we have thousands of customers signed up to our carbon neutral gas.

What makes it carbon neutral?

In 2019, we worked to increase the proportion of renewable biogas we're able to supply our customers from 6% up to 10%, with 10% representing the percentage of the UK's gas demand that it would be possible to source from UK-generated biogas. As of 1st April 2020, all our gas tariffs offer 10% biogas.

Biogas – also known as biomethane – is generated by breaking down organic matter such as farm waste in an anaerobic digester. The benefit of using biogas – rather than natural gas is that it maintains the carbon balance. *This means that, when it's burned, it releases the same amount of carbon dioxide that the organic matter used to produce it absorbed while it grew.* Burning natural gas, however, releases carbon dioxide locked up millions of years ago.

As well as using biogas, we neutralise emissions from all the gas our customers use by investing in verified carbon reduction schemes, in partnership with ClimateCare. All three projects we support have received Gold Standard accreditation, which is an internationally recognised benchmark for carbon offset projects.



India biogas

In India, more than 1,000 women and children die every day from exposure to smoke produced by household cooking with solid fuel.

This project works with rural districts to install biogas digesters. These turn a readily available fuel source, cattle dung, into clean, renewable energy for cooking.

Benefits include reducing deforestation from felling trees for fuel, protecting biodiversity and improving health within the home. The digestate produced at the end of the biogas generation process can also be used as crop fertilizer.



Sichuan biogas

Sichuan is one of China's poorest provinces, where average annual incomes equate to £500. The province was also struck by an earthquake in 2008, which left nearly 5 million people homeless.

Xuyong Biogas helps communities to rebuild by installing household biogas digesters – and providing training on how to maintain them. This allows farmers to use animal waste to generate clean fuel, reducing the need for households to spend money on polluting coal.

As well as improving access to clean, renewable energy, this project creates new job opportunities to become biogas installers.

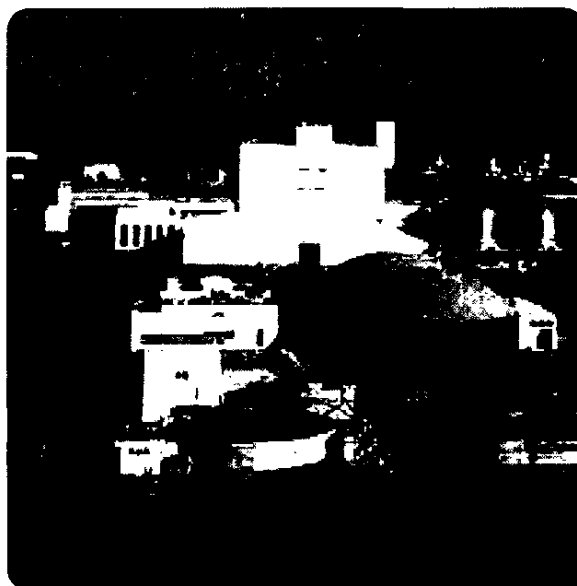


Turkey commercial-scale biogas

This project works with one of Turkey's largest dairy companies, which has the capacity to process 500 million litres of milk annually.

Waste from the plant and surrounding farms is used to create biogas, which is then burned to create renewable electricity. This grid-scale generator is expected to generate over 14.9GWh annually. That's equivalent to the power demand of 4,500 typical UK homes.

As well as producing clean power and helping to make Turkey's power grid greener, benefits include the production of quality fertilizer and providing new green jobs.



Investing in innovation

The clean energy sector is constantly evolving, and we want our customers to be a part of it.

That's why we're working on new products and services to help customers support a clean energy future, along with investing in new technologies and research.



Zap-Map



In May 2019 we announced our investment in Zap-Map, taking a majority stake in the Bristol-based EV charging platform. The start-up simplifies the driving experience for EV owners, helping them share and pay for charge points. The app is widely used among the UK's 280,000 EV drivers, and we are helping the company develop new products for the fast-growing market. You can find more detail on our Zap-Map investment in the Strategic review, on page 20.



One Point

2019 saw the launch of One Point – our simple, end-to-end service that supports businesses wanting to offer EV charging to their staff, customers and visitors. A pilot scheme was put in place at the Watergate Bay Hotel in Cornwall, with Good Energy managing the installation of four charging points on the premises. Read more about One Point on page 21.

Smarter smart meters

We have always believed in the power of smart meters to change people's relationship with energy. The next generation SMETS2 meters will offer detailed insights and control over our energy usage. This technology is crucial to supporting a zero-carbon energy grid. We are currently piloting our smart project with over 100 customers, ensuring we get the project right before rolling out nationwide.

HAVEN: using EVs for home energy storage

We completed an innovative research project with Honda, Upside Energy and Salford University. The study was designed to examine the value of 'vehicle-to-grid' (V2G) technology, where an electric vehicle is used alongside a special charger and other home systems: battery storage, solar panels, a smart hot water tank, and heat pumps. The technology is designed to maximise efficient energy usage, save money, and cut carbon emissions.

The study concluded that the technology could save up to £300 a year by enabling households to store and share electricity in their car's battery. But the new clean energy technology faces significant roadblocks, with fresh policy needed to enable its future.

"Vehicle to grid is the missing link between electrification of transport and decarbonisation of our grid and our homes. V2G is where solar power was 10 years ago – the technology exists but it requires innovation, investment and joined up thinking. With the right policy support it could become another clean technology British success story."

Juliet Davenport, CEO & Founder, Good Energy

Our customers



Eco-conscious households

Jay and family made the switch from a 'Big Six' supplier to Good Energy over 4 years ago.

"The reason we chose and have remained customers with Good Energy is because we care about the environment and want to be part of the green revolution, knowing all energy provided by the company is genuinely 100% renewable."



Home generators

At Good Energy, we administer Feed-in Tariff payments for over 150,000 sites. This makes us the only UK energy company that has more customers that generate their own power than who buy it from us. Bob is one of our long-standing Feed-in Tariff customers.

"When we installed our solar panels in 2007 (I believe we were the first to do this in Alton Hampshire) it was clear our energy supplier could not handle the changes. Good Energy were recommended and we soon joined.

We decided also to invest in what GE was planning to do so purchased shares and later bonds as well. This was to support the company's schemes for wind farms and community action. We had also put in Thermal Solar panels and together with our PVs got a good initial FiT. We consciously adapted our lifestyle to minimise energy use (and out back on material use as well). I have purchased an electric vehicle and have also installed a Tesla Powerwall storage battery.

My wife and I are active in our town, joining a climate action group and local environmental group. It is noticeable that the arguments against tackling climate change have shifted considerably in recent years."

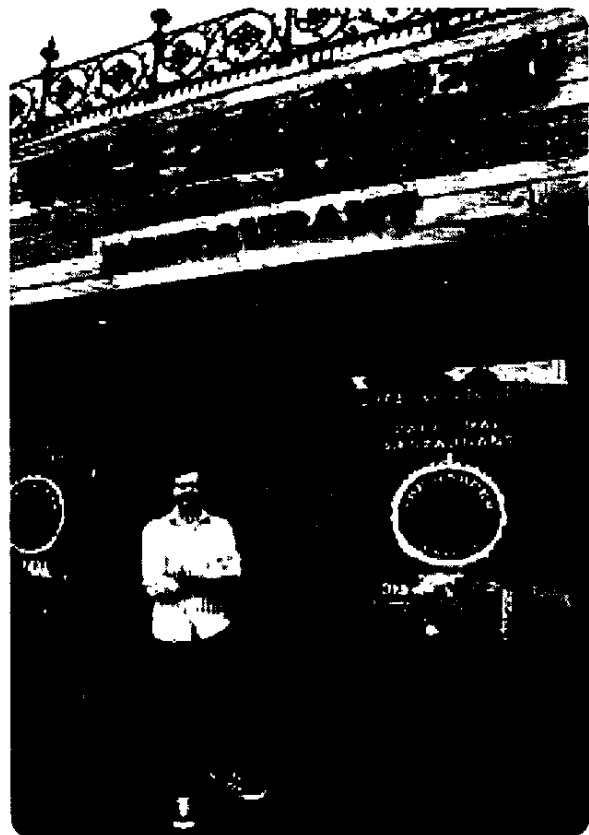


Small green businesses: The Garden

The Garden restaurant is just down the road from Good Energy's offices in Chippenham. Owner John says customers and staff like the fact that it runs on 100% renewable power.

"We are always striving to be green and to do things that help the world go round. Having Good Energy as our energy provider has helped us to become wholly sustainable. If we weren't using renewable energy I feel we would be missing out on something very important.

It's great to open people's eyes and make them understand that it's not that difficult to be green. I think the more and more we let people know about our relationship with Good Energy, the more and more people will enjoy what we do, and come to us."





Sustainable large businesses: Opera North

Opera North chose Good Energy as their supplier in 2017. And since switching to renewable electricity, the National Opera company has seen workplace culture transform into one that's far more energy conscious.

When looking for a new energy supplier Jamie Saye, a Senior Technician at Opera North, was impressed that we knew where every kW came from. "That's what really stood out. Good Energy knew more about the source of their electricity than the other suppliers."

The Opera North facilities team saw the introduction of renewable electricity as an opportunity to also save energy at the organisation's headquarters, Premier House. The first step was encouraging staff to think about how they could cut their own electricity use. Thanks to Good Energy providing half-hourly data Jamie was able to produce graphs showing how their actions were making a difference.

Knowledge is power

Opera North uses our half-hourly data visualisation portal. It allows businesses to access more than 75 online reports to find out how and when they are consuming electricity. In addition it can compare data from the past two years to show year on year trends and average consumption ranges. Jamie says the data from Good Energy has been a game changer, making them fully informed consumers.

"That's what really stood out. Good energy knew more about the source of their electricity than the other suppliers."

Jamie Saye, Opera North



Other businesses to have joined us in 2019 include:



Our independent generators



20 years and still flowing: our long relationship with Glen Lyn Gorge

One of our longest running partnerships is with Glen Lyn Gorge hydroelectric plant in Devon. A small-scale hydro scheme with a capacity of 300W, Glen Lyn generates 1.5GWh per year.



The scheme came online in 1987 and was the brainchild of Ken Oxenham. His son Matthew now runs the plant and signed up with Good Energy not long after we started – making Glen Lyn one of our first independent generators.

For two decades, they have relied on us to make sure they get the best deal for their power through our PPAs (Power Purchase Agreements). We also handle Glen Lyn's monthly ROC (Renewable Obligation Certificate) and REGO (Renewable Energy Guarantees of Origin) submissions to Ofgem. We ensure they arrive before the deadlines and that Matthew is paid on time.

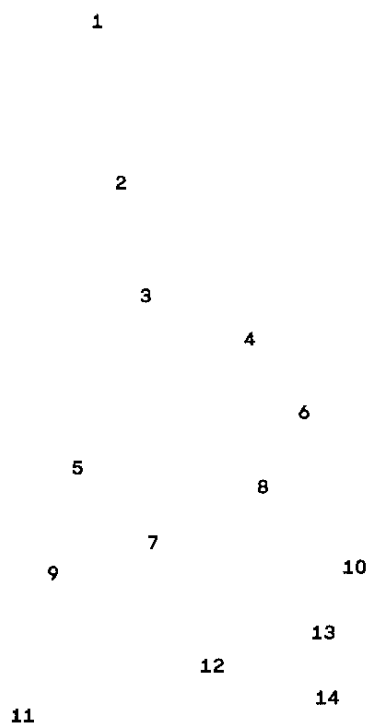
Matthew is a committed environmentalist and avoids computer use where possible; "I've chosen to make a principled stand on computers because of the amount of energy they use".

All our dealings have been through the post or over the phone because that's the way Glen Lyn prefer it and we're happy to accommodate that. "I stay with Good Energy because of my principles and theirs, particularly their commitment to renewable energy", says Matthew. "I have only positive things to say about Good Energy".



Our generator map

Glen Lyn Gorge is just one of 1,500 independent renewable generators that we source power from. This map and the table show the number and type of generators we buy from across the country.



	Generation type			
	Solar	Wind	Hydro	Bio
1. North Scotland	17	55	22	2
2. South Scotland	17	45	10	6
3. North Western England	29	12	19	4
4. North Eastern England	20	5	6	3
5. Merseyside & North Wales	31	14	25	6
6. Yorkshire	47	23	4	2
7. West Midlands	78	14	4	4
8. East Midlands	78	14	4	4
9. South Wales	35	25	7	5
10. Eastern England	123	11	1	2
11. South Western England	260	51	7	6
12. Southern England	185	51	4	5
13. London	10	-	-	-
14. South Eastern England	128	-	-	2

*Based on data from October 2019

Partners for change



We work with sustainability organisations across different sectors. Together, we're helping businesses of all sizes to reduce their environmental impact and tackle the climate crisis.

BAFTA Albert



Overseen by BAFTA (British Academy of Film and Television Arts) the Albert consortium is the UK's flagship thinktank on sustainability in film and television. We work with them to enable more creative organisations and production studios to cut their carbon emissions by switching to 100% renewable electricity.



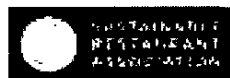
Through Albert's Creative Energy Partnership, Good Energy has already signed-up BAFTA as well as TV companies including Baby Cow Productions, Mammoth Screen and Directors UK to power their production spaces and head offices.

BAFTA's Chief Operating Officer Kevin Price thinks industry needs to take a lead when it comes to the climate emergency.

"A long journey starts with a single step and I think what's been brilliant about Albert is that every week we've got examples of progress being made. And those are all small steps towards a much bigger endeavour. The more steps we take the more confidence there is that we can make a difference."

We work with a range of organisations created to promote sustainability in various industries, including:

Julie's Bicycle
CREATIVE • CLIMATE • ACTION



ADGREEN

We're also proud to work with charities and organisations that share our commitment to tackling the climate crisis and creating a cleaner, greener future.



eden project



"At BAFTA we have a responsibility to lead the film and television industries towards a wholly sustainable future and this is an important step in that journey. We are delighted to be working with Good Energy to achieve this.

Kevin Price, BAFTA

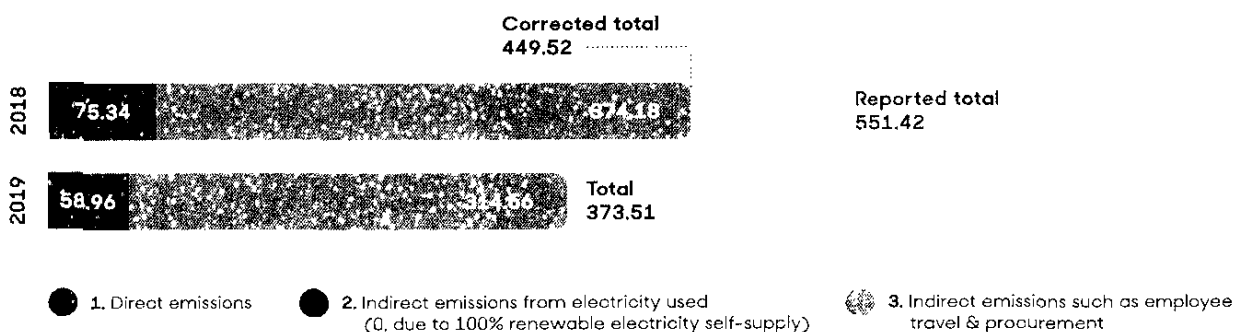
Reducing our business's environmental impact

Everything we do is about reducing society's impact on the environment. But inevitably there are elements of running a business that do have an impact. We track and work to reduce these elements to make sure we're treading as lightly on the planet as possible.



Measuring and mitigating our carbon emissions

We have achieved ISO14001 accreditation, which confirms that we're meeting international standards for measuring and continually improving our environmental performance.



A correction to our 2018 figures

We work hard to make sure our emissions reporting is as detailed as possible. More up to date information about employee travel for 2018 became available, which has allowed us to provide corrected figures for the year.

2019 reductions

We're pleased to report an emissions reduction of 12% between 2018 and 2019. This was mostly due to reductions in our Scope 3 emissions, which covers factors such as emissions of companies in our supply chain as well as employee travel. From our Green Travel Allowance to increased home working, we're exploring ways to continue making progress in this area. We continue to neutralise emissions we can't yet avoid by investing in the carbon reduction schemes we support through our carbon neutral gas.

How the Green Travel Allowance is driving down emissions

The daily commute can rack up a considerable cost not just in money, but in carbon. Colleen and Kira were looking to reduce theirs by car sharing.

In 2019 we introduced a Green Travel Allowance to reward people that choose a greener way to commute, whether that's car sharing, driving an EV or travelling by public transport.

"It's a great way to encourage people to think about how they travel", says Colleen. "Car sharing just makes sense – it reduces your running costs and it means there's one less car on the road".

Thanks to our annual travel survey, we were able to measure that due to shifts in commuting, we were able to save 65 tonnes of carbon emissions. "It's great to know that some relatively small changes to my lifestyle do actually have an impact", says Kira.

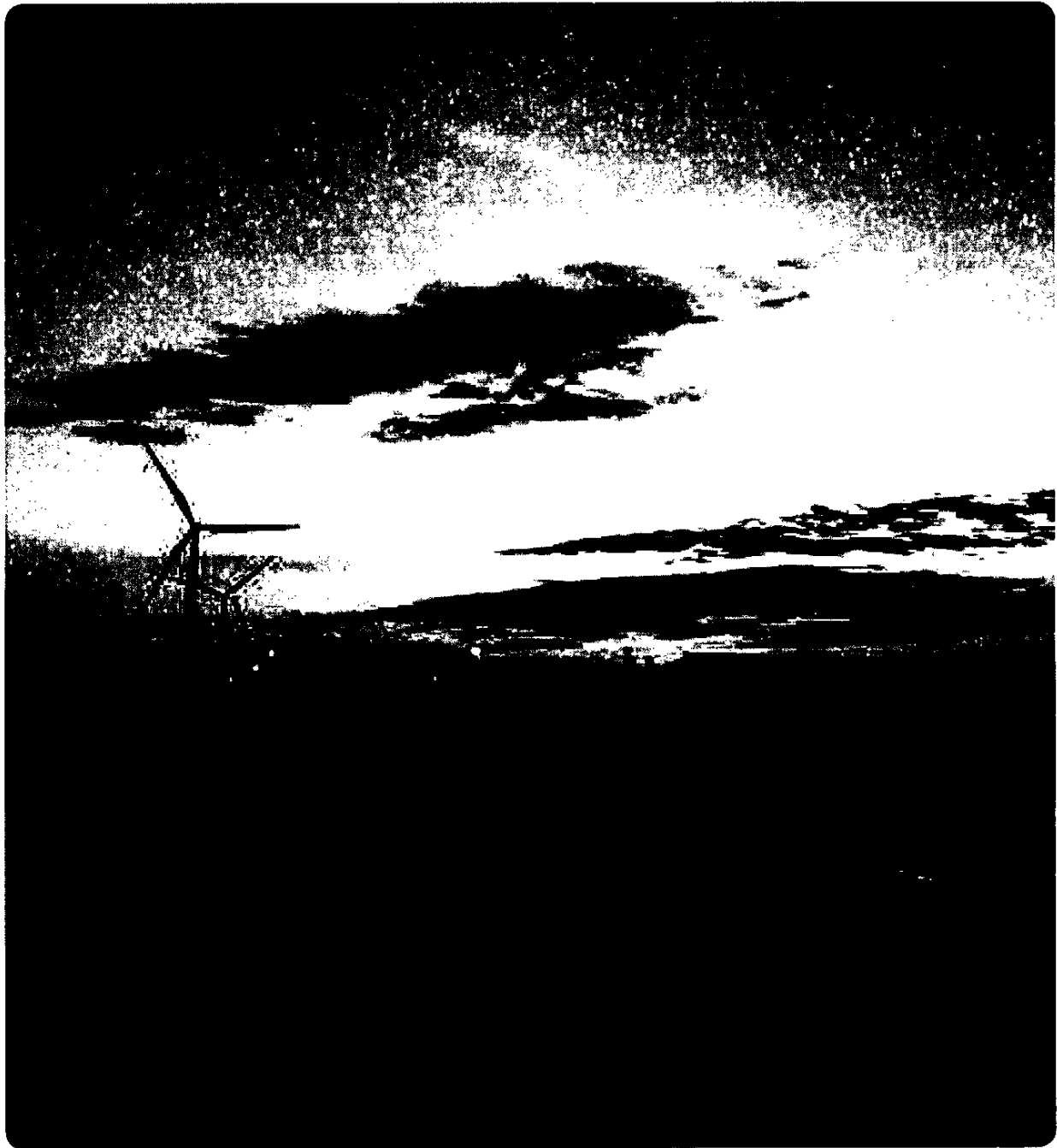
"Being able to reduce my own carbon footprint in itself is a good feeling, but to get recognition from your employer for making the choice to travel sustainably is even better!"



Ethical, sustainable procurement

We're proud to be on the Ethical Consumer Best Buy list and strive to put ethical choices at the core of our business operations.

We also aim to procure day-to-day office essentials as sustainably as we can. Our coffee comes from Cool Earth, which supports indigenous communities to stand strong against rainforest deforestation. The coffee that we buy helps protect 168 acres of rainforest in Asháninka in the Peruvian Amazon, storing 1014 tonnes of carbon.



Our social impact: an ethical business

From the moment people join Good Energy, we focus on providing all they need to work in a way that reflects our values: Straightforward, Inclusive, Fair and Determined. This is how we bring our purpose to life.

Here are just a few examples of how we put our values into action:

- Having an inclusive workplace with people of diverse backgrounds and characteristics. We include Diversity and Inclusion training in our induction programme, bringing this commitment to life in practical ways so that it can inform how we serve our customers and work together.
- Providing leadership training to all our managers in giving straightforward, useful feedback that encourages their teams to achieve their potential.
- Appointing Culture Champions from across the business to play a key role in developing our people policies, infrastructure, employee engagement initiatives and more.



Fair pay

To reflect the skill level of our roles, our people receive a rate of pay that's substantially above the wage set by the Real Living Wage Foundation. The pay for every role is benchmarked against equivalent jobs to make sure that we pay people fairly.



Supporting our local community

Good Energy is based in Chippenham, Wiltshire. As well as being one of the biggest employers in the area, we're always exploring ways to have a positive impact on our surrounding community. We continued our sponsorship of Chippenham Rugby Football Club, supported town cultural events and teamed up with local schools to talk about clean energy, climate change and careers in STEM subjects.



Gender equality

Gender pay gap reporting

We're committed to tackling our gender pay gap and making sure we have an equal gender balance at all levels of our organisation. Our overall workforce is made up of 52% women to 48% men.

We already have equal numbers of men and women in our most senior board and executive team roles. We are working towards a balanced gender split in our *middle management roles*, aiming to have a senior leadership team that is at least 30% female by April 2022.

Our mean gender pay gap for 2019 was just under 27%. The reason we have a pay gap is that we have fewer women than men within our middle manager population, particularly in science, technology, engineering and maths (STEM) related roles. To close the gap, we're stepping up our efforts to recruit women in this area and develop more women within the business to middle and senior management.

Women in energy

Our CEO, Juliet Davenport, started Good Energy in a market dominated by men. 20 years later and out of over 50 UK energy suppliers, you can still count the number led by women on one hand.

Promoting the next generation of women to take on STEM subjects is a key part of fixing this problem. That's why we have teamed up with the STEMettes, a UK social enterprise seeking to encourage more girls to pursue careers in science, technology, engineering and maths.

2019 was our second year of collaborating with the charity which involved a workshop with local secondary schools in Wiltshire. The day-long event included a mini-hackathon, app designing and talks from women across the company.

"It is vital to run stem experience days with companies like good energy because only 21% of the UK's stem workforce is female. Stemettes' mission is to raise this number to more than 30%."

Lucy Cox, Community & Schools Manager, Stemettes



Education

Working with schools

As sustainability issues are a regular part of the school curriculum, Good Energy's experience as an ethical company is sought after. Our people often go into local schools to give talks about climate change and renewable energy, and over the past year our experts have spoken to hundreds of students. We are building on this work to create a wider educational programme for primary and secondary schools.



Working with universities

Good Energy CEO, Juliet Davenport, regularly speaks at events for students and higher education professionals. In 2019 she spoke for MBA students at the Said Business School, discussed the future of the retail energy sector at the Aurora Spring Forum at the University of Oxford and spoke at the Sustainability in Higher Education conference at the University of Wales. Juliet also featured on a panel about reducing urban transport emissions through building links with the renewable energy sector as part of the London School of Economics Cities Series.

Physical wellbeing

We offer a range of benefits designed to support our people's wellbeing: lunchtime sports clubs, subsidised local gym memberships, showers and bike lock ups to support active commuting – as well as a health insurance scheme which gives people financial support towards medical and wellbeing treatments.

By supporting green travel for our people and working to improve access to clean transport more widely, we're also playing our part in improving air quality in towns and cities.



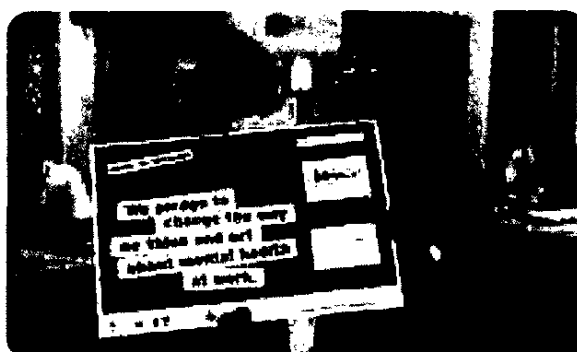
Health

Mental health and wellbeing

In the UK, around one in four of us will experience mental ill health in any year, and we want to make sure our people feel comfortable asking for support when they need it.

We already offer free access to counselling services through our Unum Lifeworks Employee Assistance programme. We have also teamed up with MHFA England to train 11 people across the business to be mental health first aiders, as well as offering mental health awareness training to every one of our people.

Building on this, in 2019 we worked with the Time to Change social movement, to endorse their mental health pledge. By signing the pledge, businesses agree to change the way they think and act about mental health at work.



"We want to make sure mental health is recognised as being as important as physical health. And our mental health first aiders are there to give people a helping hand. This could simply mean having a chat over a cup of coffee or offering advice on how to access further support."

Fran Woodward, Director of People & Culture



Voice: providing a platform for change

We have always stood for action against the climate crisis – and for enabling people to take action themselves. In 2019, we were inspired by the rise of the youth climate strike movement sparked by Greta Thunberg's solo school strike.

As the school strike movement continues to grow, we want to amplify their message. We worked with our local youth climate group in Bath, arranging a takeover of our social media feeds on the day of the first global school strike in March 2019. We also posted an interview with a youth climate activist on our blog, and attended the September global climate strike to interview protesters and share their views. We have continued to support the strikes, including encouraging our people to attend the strike in Bristol March 2020 to hear Greta Thunberg speak.

"In my last job I had to take a day off work to go on the last climate strike. My passions are now aligned with my company's and I hope that as a collective we can encourage more people to show their support for making a difference".

Johanna Pettipher, Good Energy Accounts Specialist

Sponsoring the first Local Conference of Youth

In November, we were the exclusive sponsor of the first UK Local Conference of Youth, part of an international programme coordinated by the United Nations Framework Convention on Climate Change.

Run for and by young people, over the course of a weekend attendees worked together to shape a policy proposal for tackling climate change. This fed into a global Conference of Youth policy to help inform the agenda for COP25, which took place the following month in Madrid.

As well as sponsoring the event, Good Energy ran a workshop introducing renewable energy, clean technologies and our vision for a 100% renewable Britain.

COP25

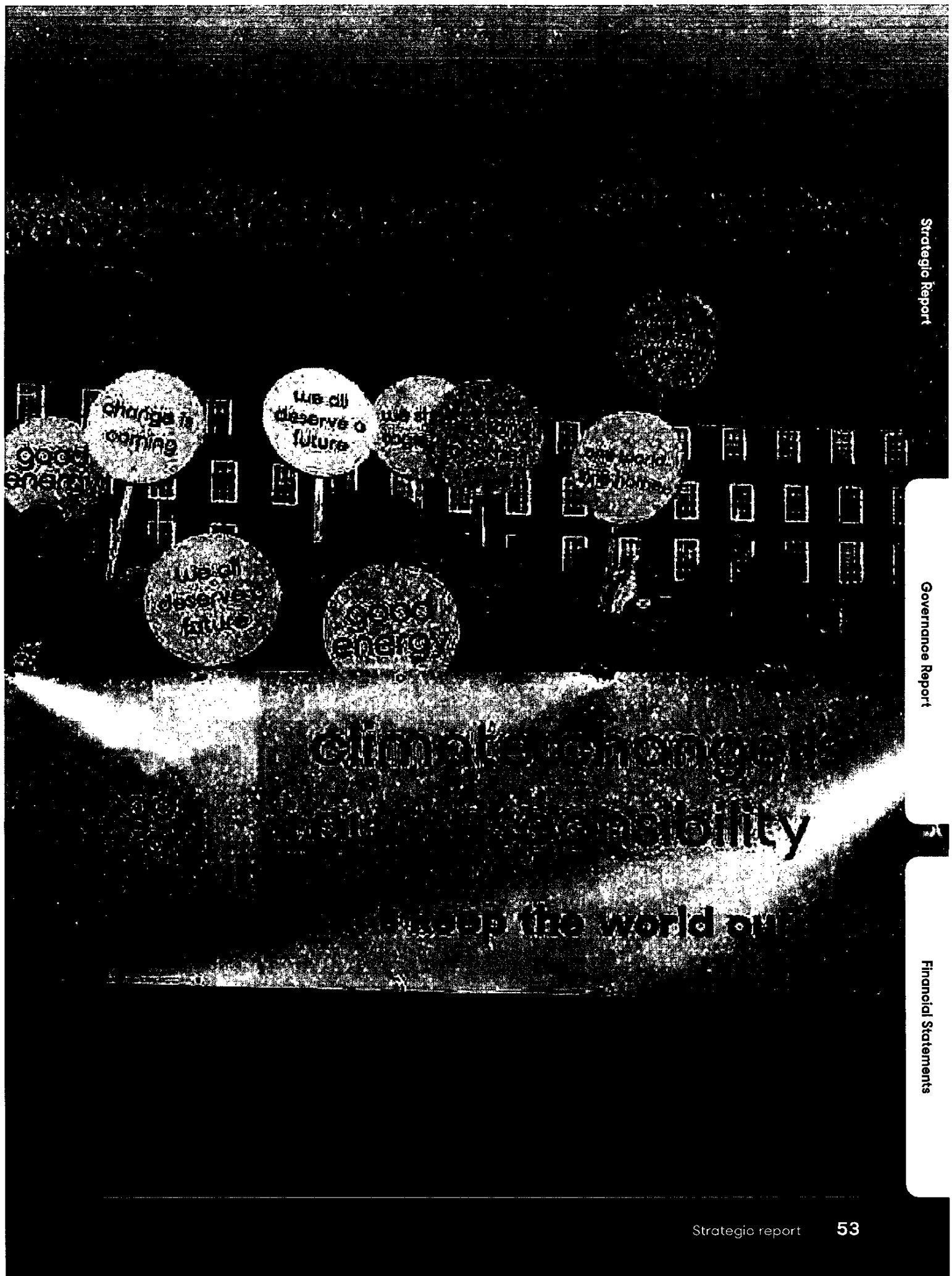
Our CEO and Founder Juliet Davenport spoke at the UN's global climate conference COP25 in Madrid. Taking part in a panel as part of the Energy Action Event, Juliet explained that "one of the roles of an organisation like Good Energy, is to be in the room when we are talking about possibilities."



Engaging customers in our purpose

Many of our customers are committed to helping create a cleaner, greener future in any way they can. We aim to share news of how the energy industry is changing and, when we can, encourage people to stand alongside us in driving change ourselves.

In 2019, we challenged the proposed tax increase on *low carbon energy generation and storage systems* to 20% – while coal was set to remain at 5%. After setting up a petition we went out to our customers, who helped us secure over 18,000 signatures. Unfortunately, the planned tax increase is set to go ahead. But we won't give up the fight for a zero carbon Britain. And neither will everyone that has joined us.



climate change environmental responsibility

to keep the world on

Our people



We couldn't work towards reaching 100% renewable energy without the dedication and expertise of our people. Get to know some of them – from their roles here at Good Energy to how they put our commitment to being green into action outside the office.

Robbie

Trading Analyst, Trading & Portfolio Management

Robbie first walked into the Good Energy office for his school work experience at age 16. After studying climate science at university, he came back to join us.

Starting in our domestic Feed-in Tariff team, Robbie moved into Levelisation to work on claiming FIT payments and paying them out to our 140,000 FIT sites. He's now part of the trading team and loves the new challenges this presents.

"The best part of my job is how my role naturally keeps me up-to-date with the world, energy market and policy. That and being able to work with lots of other like-minded people keeps me feeling really immersed and interested every day.

I like to think I'm pretty green. I walk or catch the train almost always. And I'm a Good Energy customer for power and gas – and have solar panels on my roof."



India

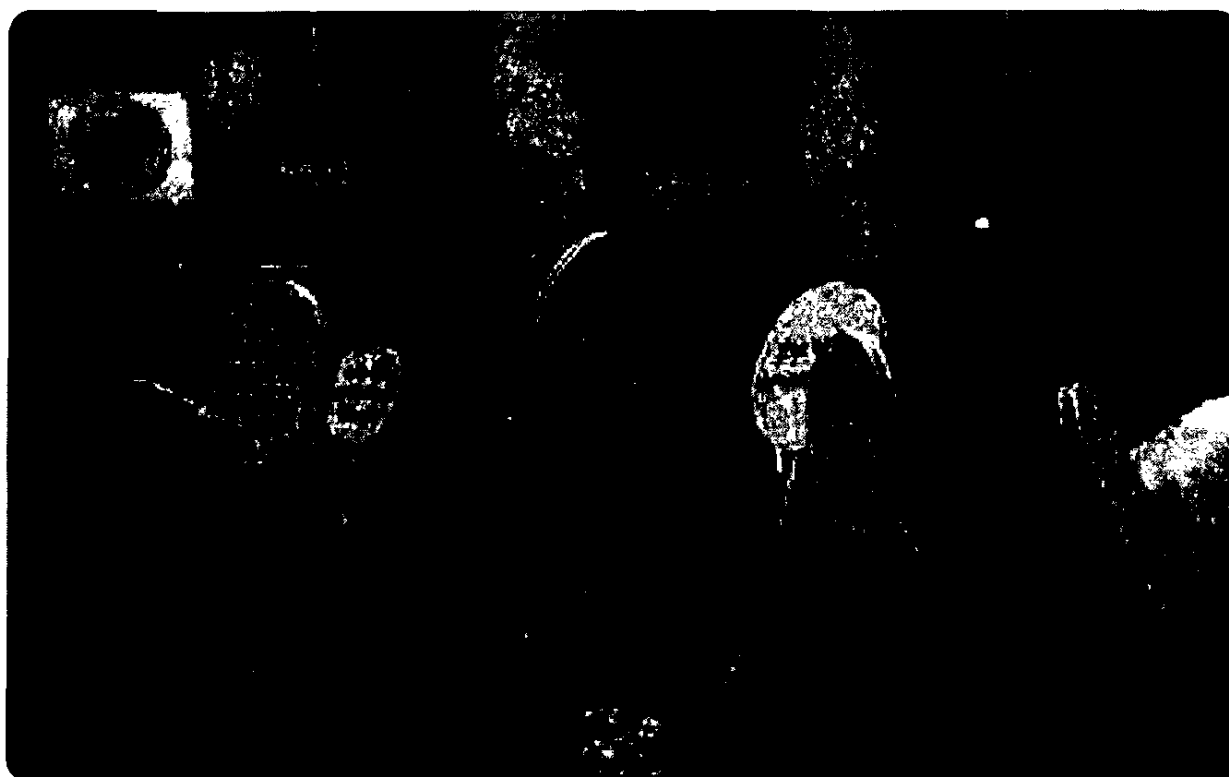
Employee Engagement Coordinator and Personal Assistant to Fran Woodward, People & Customer Operations Director

From sourcing on brand hard hats to arranging 'pint pulling' training for the Exec team ahead of company parties, no two days are the same for India. Her role is focused on making sure everyone at Good Energy feels like part of one team – and can get together to celebrate our successes. India also works with our team of Culture Champions, who explore ways to make sure Good Energy is an engaging, supportive place to work.

"The best part of my job is how wide ranging it is. I love that every day is completely different.

My whole career so far has been spent in renewables. My first job out of university was as a renewable energy planner. There are a couple of wind turbines that I got planning permission for in Cornwall. Today, as well as working at Good Energy I'm a customer and shareholder."





Nicola

Senior Operations Manager, Customer Operations

It's safe to say that Nio is good with people. Having worked at Good Energy for six years heading up our business account management and sales support teams, she also volunteers for a mentoring charity. Nio's latest role includes supporting the implementation of our new billing system. Every day, she and the team focus on providing our business customers with the best possible service, which is what keeps many with us for the long term.

"It's amazing when the team receive feedback directly from customers and I get the chance to read or hear it. It makes me so proud to work with them.

When it comes to being green in my own life, like most people I'm reducing how much plastic I buy and try to recycle what I can. I've also changed all the bulbs in my house to LED to save on energy and I turn absolutely everything off!"



Connor

Service Desk Analyst Apprentice, IT & Digital

At Good Energy we're pleased to support the apprenticeship scheme, which Connor joined us through in 2019. As a Service Desk Analyst, Connor helps make sure our people have the IT equipment and software they need to do their job.

"I've always wanted to go down the apprenticeship route as I just wanted to get stuck into working life. The best part of what I do is getting the satisfaction of fixing something and knowing that I'm helping someone by making their job easier.

I do my best to recycle and put rubbish in the right bins. I also walk to work and, at the moment don't drive."



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Board of Directors



Joined Board:
July 2018

Responsibilities:
Chairman of the Board
(effective June 2019)
Member of Nominations
& Remuneration
Committee and
Member of Audit & Risk
Committee

William (Will) Whitehorn – Non-Executive Chairman (Independent)

Will focuses on fast-moving and growing companies, with extensive experience across a broad range of sectors, especially in technology, digital and branding.

Will currently holds a number of other Non-Executive roles across a range of companies, including Stagecoach Group PLC, where he is Deputy Chairman, and space technology company AAC Microtec of Sweden. He is also Chairman of Craneware PLC and the Scottish Event Campus, host of COP 26. He was also one of the founding shareholders of Purplebricks Group PLC. He has recently joined the Royal Air Force Board as a Non-Executive Director, with the rank equivalent to Air Vice-marshal.

Skills and Expertise: Will spent more than 20 years with Virgin Group, where he was responsible for global brand development and corporate affairs. He also played a key role in founding several Virgin businesses including Virgin Rail and Virgin Galactic and was special advisor to Sir Richard Branson.



Appointed CEO:
2002

Juliet Davenport – Chief Executive Officer

Juliet is founder and Chief Executive Officer of Good Energy – a renewable energy company with a mission to power a greener, cleaner future together with its customers. Juliet has been an innovator for over 20 years, developing technologies and innovations to fight climate change and transform the energy sector for the better. In 2013, she was awarded an OBE for services to renewables. She currently sits on the board of the Renewable Energy Association, Innovate UK and is Vice President of the Energy Institute. In addition, she sits on the advisory boards of leading UK think tanks, including Energy Systems Catapult, Aurora, Oxford Energy, and LSE's Grantham Institute.

Skills and Expertise: Worked for a year at the European Commission on European energy policy, then at the European Parliament on carbon taxation and holds a masters in environmental economics.



Joined Board:
January 2020

Rupert Sanderson – Chief Financial Officer

Rupert joined us in February 2017 and is responsible for all finance, legal and trading matters, including managing our financial stakeholders. Having worked widely in larger support services and energy organisations as well as in supporting smaller organisations through growth programmes, Rupert brings valuable experience to Good Energy as it develops its services and propositions. His previous roles include senior financial and commercial positions at Centrica, British Gas, Serco and Avis Europe.

Rupert began his career as an accountant for PwC and is a Fellow of the Institute of Chartered Accountants in England and Wales.



Joined Board:
September 2016

Responsibilities:
Chair of Nominations &
Remuneration Committee

Member of Audit & Risk
Committee

Emma Tinker – Non-Executive Director (Independent)

Emma is a private equity investment Director who brings a wealth of investment experience. She is a Director of numerous renewable energy companies, established the renewable energy business at HG Capital in 2002 and founded Asper Investment Management in 2016 as the spin-out of that business where she is Chief Investment Officer. She has been a Director for renewable developers and independent power producers, working across a range of renewable technologies. Emma is also a Director of the Gardeners' Royal Benevolent Society.

Skills and Expertise: Has substantial commercial experience spanning the entire lifecycle of investments in energy businesses, and has worked across a range of renewable technologies.



Joined Board:
December 2017

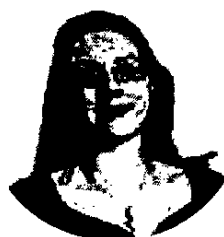
Responsibilities:
Member of Audit & Risk
Committee

Member of Nominations &
Remuneration Committee

Timothy (Tim) Jones – Non-Executive Director (Independent)

Tim was appointed Non-Executive Director in December 2017. Tim is an experienced Technology Executive who brings over 20 years of digital innovation, execution and operation. Tim has been CIO of Moneysupermarket Group PLC since 2013, Insurance Times CIO of the Year in 2014 and a regular member in the top 20 of the annual CIO 100. Prior to joining MoneySupermarket, Tim was co-founder and an Executive at AutoTrader UK, the internet media marketplace giant one of the UK Digital 'Unicorns' alongside AO.com, Skyscanner and of course MoneySupermarket.com.

Skills and Expertise: Depth of experience in leading digital development with companies. Tim is currently responsible for delivering innovative consumer propositions in the highly regulated verticals of insurance, financial services, energy, telecommunications and travel.



Joined Board:
February 2019

Responsibilities:
Chair of Audit & Risk
Committee

Member of Nominations &
Remuneration Committee

Nemone Wynn-Evans – Non-Executive Director (Independent)

With extensive experience in the financial services sector, Nemone brings a broad range of skills across audit, risk management, business development, corporate finance, corporate governance, investor relations and marketing. She is currently Chair of the Risk Committee, a member of the Audit Committee and is Senior Independent Director of Shepherd's Friendly Society. Nemone also holds a number of roles across a range of companies, including as a Non-Executive at Hinckley & Rugby Building Society where she sits on both the Audit & Risk Committees, is a Board Advisor at SORBUS Partners LLP and is a member of the Commercial Advisory Committee at Coventry University. She is also a Fellow of the Chartered Institute of Securities and Investments.

Skills and Expertise: Nemone began her career in the City of London and has worked with many listed PLC and PRA/FCA/FSA regulated companies, having acted as a Finance Director on the main board of a stock exchange.

Governance & Directors' report

Overview

Good Energy is committed to high standards of corporate governance and places good governance at the heart of the business. In July 2018, the Board of Good Energy formally adopted the Quoted Companies Alliance's ("QCA") code of corporate governance ("the Code") in line with requirements of the London Stock Exchange's AIM Rules. The Board believes that the QCA Code provides the Company with a rigorous corporate governance framework to support the business and its success in the long-term. The Code sets out 10 corporate governance principles. The ways in which Good Energy meets these principles is described in the following sections and incorporates information about the ways in which the Board discharges its duties under the Companies Act 2006, s172. This is also available to view on our website at group.goodenergy.co.uk.

1. Establish a strategy and business model which promote long-term value for shareholders

Good Energy is a different kind of energy company, powering the choice of a cleaner, greener future together. Guided by our principles and values, Good Energy has a track record of successfully challenging the way things are done, putting power back into the hands of families, communities and businesses across the country.

In establishing Good Energy's strategy, the Board considered the long-term interests of Good Energy's stakeholders and set a course which aligns those interests with those of the Company, promoting the long-term interests of the Company and long-term value for shareholders.

Good Energy's strategy seeks to accelerate the transition towards energy as a service, facilitating a clean, secure and affordable energy future which benefits energy consumers as a whole and reduces environmental impacts from the energy lifecycle. The Strategic Report describes Good Energy's strategy in more detail.

Good Energy is well positioned to deliver long-term value for shareholders through the implementation of its strategy, focusing on:

- Customers – putting the customers at the heart of everything that we do and striving to make clean energy the natural choice
- Energy technology – leveraging technology for the benefit of our customers, driving engagement and growth by putting customers in control of their energy usage
- Experts – making sure we attract and retain the right people, in the right roles, to deliver for our customers and realise our strategic ambitions

- Partnerships – innovating and accelerating our growth potential through key strategic partnerships

Good Energy has aligned its business model to better enable delivery of its strategic ambitions. We have engaged our people through ongoing communication, using multiple channels to reinforce the pioneering, agile culture that enables Good Energy to continue to innovate and drive change.

The Strategic Report describes the excellent progress Good Energy has made in pursuit of its strategic ambitions and the momentum we are building to deliver the energy market of the future.

2. Seek to understand and meet shareholder needs and expectations

Good Energy is proud to have a diverse shareholder base, including a significant proportion of private shareholders (many of whom are also Good Energy customers) and other long-term investors. The Board seeks to understand the needs and expectations of its stakeholders, particularly shareholders, through insight gained from regular customer surveys and focus groups, periodic investor surveys and obtaining structured feedback from investor roadshows. Good Energy's strategy responds to the insight gained through these consultations.

Good Energy provides shareholders and other stakeholders with relevant information in a timely and balanced manner and meets with its largest shareholders periodically to understand their views on Good Energy's performance and future plans. Good Energy actively encourages shareholders to participate in its AGM as an opportunity for all shareholders to share their views openly with the whole Board and other shareholders.

3. Consider wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises its primary legal responsibility to promote the success of the Company for the benefit of its members as a whole, taking into account the interests of other stakeholders including customers, employees, partners, suppliers, regulators, the environment and the local communities in which Good Energy operates. Interpreting this responsibility, and in line with recommendations published by the GC 100, the Board considers that its duty is not to balance the interests of the Company and those of other stakeholders identified but instead to determine, after weighing up the relevant factors, the course of action it considers best leads to the long-term success of the Company.

Purpose-led from the outset, Good Energy continues to prove that the "other way" is better:

- In recognition of the many ways in which we continue to support renewable energy generation across the UK, we secured a permanent derogation from OFGEM's price cap in August 2019
- We source all our electricity from certified renewables such as solar power, wind power, hydroelectric power and biofuels. We always have and always will – no other UK energy supplier can promise that. Our gas is carbon neutral too: 6% comes from biomethane and we offset the rest through the Green Gas Certification programme. We aren't only interested in reducing carbon emissions though. The projects we select deliver wider benefits in their local communities, including tackling local poverty and empowering local women
- We were named "best green electricity supplier" and one of the UK's most ethical companies of the last 25 years by Ethical Consumer Magazine
- We are also proud to have been an accredited Living Wage employer since 2015

Establishing the right culture is an integral part of delivering Good Energy's strategy. More information on this is outlined below.

You can find out more about where and how we source our energy, how we look after our people and how we treat our customers in the Strategic Report and at: group.goodenergy.co.uk.

As a purpose-led business, we aspire to be as transparent as possible about our activities. The Strategic Report describes what we've been doing to deliver our mission and reflects on our progress towards achieving our purpose.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Good Energy recognises that effective enterprise risk management is critical to enable it to meet its strategic objectives.

We have a clear framework for identifying and managing risk, both at an operational and strategic

level. Our risk identification and mitigation processes have been designed to be responsive to the changing environment in which we operate. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of our strategy.

Key Risks faced by the Company are described in the Strategic Report. While the risks are typical of the risks faced by other energy suppliers, we believe the Company is well positioned to mitigate these through a combination of our risk management processes, our control activity and the strategic direction we are pursuing.

Further information on risk management and controls are described in the Audit & Risk Committee Report on page 71.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises two Executive and four Non-Executive Directors as described on pages 58-59. The roles and responsibilities of the Chairman, Non-Executive Directors, Executive Directors and the Company Secretary are clearly defined and regularly reviewed. Details of current roles and responsibilities are set out in the table overleaf.

The Nominations & Remuneration Committee discusses members time commitments from Directors, particularly Non-Executive Directors. Over the period Non-Executive Directors spent 20-25 days with Good Energy, the latter if they are Chair of a Committee.

The Board

Role of the Board	- Setting Group strategy and objectives in collaboration with the Executive. - Providing leadership, knowledge and experience to support and guide the Executive. - Engaging with shareholders.	- Overseeing and monitoring business performance, internal controls, corporate governance and risk management. - Oversight of principal risks – including competitive position, political risk and programme delivery.
Chairman William Whitehorn	- Effective running of the Board and its Committees in accordance with principles of good corporate governance. - Setting the Board agenda.	- Managing the Board to ensure adequate time is allocated at Board meetings for discussion of all agenda items. - Ensuring the Board receives accurate, timely and clear information.
Other Non-Executive Directors	Providing knowledge, skills and external experience to support the Chairman and the Executive.	
Chief Executive Juliet Davenport	- Overseeing the day-to-day operation of the Group's business. - Developing and implementing the Group's strategy as approved by the Board.	- Establishing and maintaining formal and appropriate delegations of authority. - Maintaining a close working relationship with the Chairman.
Chief Financial Officer Rupert Sanderson	- Developing and implementing the Group's strategy as approved by the Board. - Establishing and maintaining formal and appropriate delegations of authority.	- Overseeing and managing financial resources for the Group and its subsidiaries. - Maintaining a close working relationship with the Chair of Audit & Risk Committee.
Role of the Company Secretary	- The Board and each Director has unlimited access to the Company Secretary. Eversecretary Limited has served as the Company Secretary since 2 January 2020 and is responsible for: - Acting as Secretary to the Board and its Committees, ensuring compliance with Board procedures and corporate governance requirements, Directors' induction and ongoing training requirements.	Providing governance, advisory and administrative support to the Board and its Committees.

Other information:

- The roles of Chairman and Chief Executive have always been split with the Chairman acting in a non-executive capacity.
- The Executive Directors are accountable to the Board for the operating and financial performance of the Group.
- The Board is also responsible for approving the appointment of Executives, setting Executive remuneration and devising incentive programmes, agreeing financial and accounting policies and ensuring that the shareholders are properly informed about the state of the businesses. In addition, the Board is responsible for the appointment and removal of the Company Secretary.
- At the end of the reporting period, the Board comprised the Chairman, Chief Executive Officer, and four Non-Executive Directors, each of whom the Board considers to be independent. In January 2020 the Chief Financial Officer joined the Board.
- The Board is satisfied that it currently has a sufficient range of relevant operational and financial experience to be able to discharge its responsibilities.
- The Board has constituted two Committees: Audit & Risk and Nominations & Remuneration. Both Committees comprise only Non-Executive Directors.
- One of the Directors has a substantial shareholding in the Company, in aggregate representing approximately 3.8% of the issued capital. All current Directors hold shares in the Company although the Company does not require them to do so.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that it has an appropriate balance of skills and experience as well as an appropriate balance of personal qualities and capabilities to deliver the Company's long-term strategic objectives. The Board is committed to maintaining balanced representation of both women and men across the organisation, including at Board level and within the Executive team.

The Board regularly reviews its composition and that of its Committees to ensure it has access to diverse perspectives and the necessary up-to-date experience, skills and capabilities to discharge its duties effectively. The Board also reviews the length of time each Director has served on the Board and assesses if contributions made by each Director remain effective. Details of the Director's tenure can be found on page 77.

Changes are made to the composition of the Board and its Committees to ensure the right balance of complementary skills and capabilities for the next phase of Good Energy's growth, which can be found on page 67.

Further information about the Board, including biographies describing each Director's experience, are set out on pages 58-59.

The Company encourages each Director to identify their individual training needs to support the effective operation of the Board and the delivery of the Company's strategy. The Company provides specific training on renewable energy and energy markets both in house and using external providers as appropriate. Over the period, the Board have also received briefings on a variety of topics including developments in corporate governance and appropriate handling of personal data, insight from shareholders, customers and staff on their views and expectations of Good Energy as well as formal briefing from the Company's nominated adviser on updates to the AIM rules and other capital markets matters.

Procedures are in place to enable individual Directors to seek independent advice at the expense of the Company and appropriate cover is in place. The Board and its Committees may take external advice as appropriate.

Over the period, the Board and the Executive team have worked together to evolve the flow of information to the Board. This has resulted in simpler, insight-focussed reporting to facilitate effective debate and enable robust and timely decision-making.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board conducts an annual evaluation process to assess its effectiveness, as well as that of its Committees and the individual Directors, to drive its continuous improvement. The process is described in more detail on page 69, together with the Board's key areas of focus for the current year and progress made towards previous objectives.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises the importance of its role in promoting and monitoring the Company's desired culture and ensuring it is consistent with the Company's long-term strategic objectives.

Good Energy is a different kind of energy company. Our core values – fair, straightforward, determined and inclusive – underpin the delivery of our purpose to power the choice of a cleaner, greener future together.

We were named “best green electricity supplier” and one of the UK’s most ethical companies of the last 25 years by Ethical Consumer Magazine. We are also proud to have been an accredited Living Wage employer since 2015.

Further information is set out within the Strategic Report on pages 50-52 and the Nominations & Remuneration Report on pages 75-81.

Good Energy operates on the principle that a workplace where people’s differences are valued creates a more productive, innovative and effective organisation. We also recognise that attracting, retaining and incentivising key talent is integral to its ability to meet its strategic objectives.

The Group’s employment policies follow best practice based on equal opportunities for all employees, irrespective of race, gender, nationality, sexual orientation, disability, marital status, religion or age. All decisions relating to employment are objective, free from bias and based upon work criteria and individual merit. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the business.

More information about our performance on gender pay and our approach to modern slavery can be found on the relevant pages of the Company’s website at group.goodenergy.co.uk.

Good Energy completed a group-wide upgrade of its control environment in 2015, introducing a code of conduct: a ‘Guiding Principles’ approach that is appropriate for a fast-growing business. By design, our Guiding Principles reflect the Board’s duties under the Companies Act 2006, s172. This ensures everyone

who works at Good Energy reflects our ethos and values when working together and that our policy and procedural framework supports the Board in discharging its duties.

Our Guiding Principles:

- provide a framework to empower Good Energy employees to make informed decisions that are in the best interests of the Company and its customers and other stakeholders
- reflect the environment in which the Company operates
- mitigate risk
- explain where our employees can get advice.

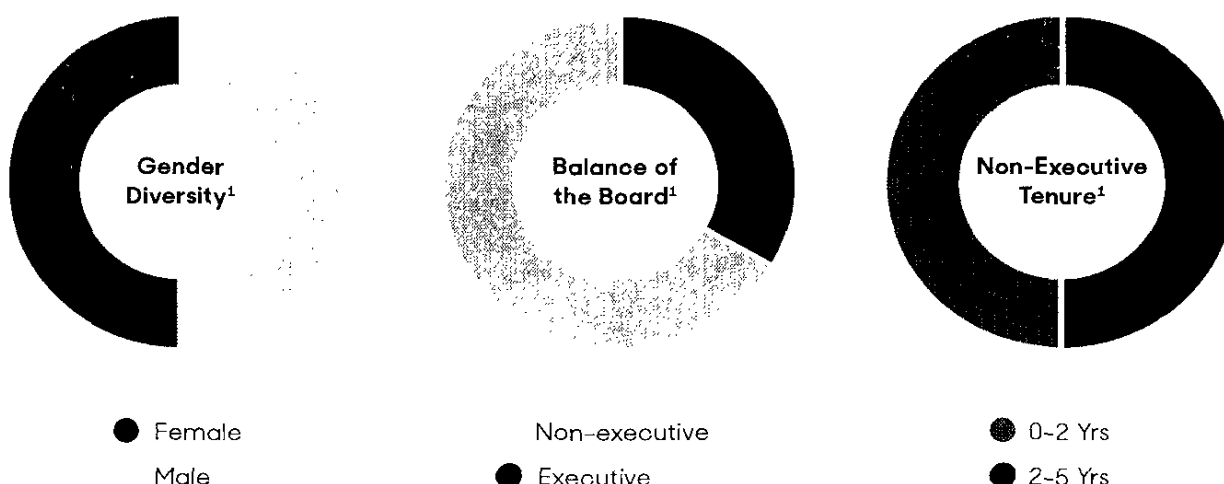
More details on Our Guiding Principles can be found under Principle 10.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Good Energy’s governance structures support its corporate culture and are appropriate to its stage of development and the complexity of the business. The Board has established a Nominations and Governance Committee and an Audit and Risk Committee to support effective governance and decision-making.

The key areas for focus for the Committees are listed on the next page.

The Board continuously monitors the effectiveness of its governance structures, enabling them to evolve over time to support the Good Energy’s growth and development.



¹. Data as at 31 March 2020.

The Board's Committees

Nomination & Remuneration Committee

Board Composition

Succession planning

Board nominations

Remuneration policy

Incentive design and target setting

Executive remuneration review

Audit & Risk Committee

Corporate Governance

Financial Reporting

Internal Controls

Risk Management

External Auditor

Oversight of principal risks

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

As described above, the Board considers that its duty is not to balance the interests of the Company and those of other stakeholders but instead to determine, after weighing up the relevant factors, the course of action it considers best leads to the long-term success of the company. Good Energy welcomes dialogue with shareholders, particularly the need for open communication on the Company's strategy and takes care to calibrate perspectives expressed by individual members in the context of Good Energy's members as a whole.

Principal communications with shareholders are conducted through the Annual and Interim results, AGM and interim RNS announcements on key business developments. Good Energy supplements its Annual and Interim results with presentations to analysts and other interested stakeholders (all available on its website) and meets with larger shareholders at least twice annually to discuss both performance and governance, as well as our future plans.

The Board actively encourages shareholder participation at its Annual General Meeting and other general meetings from time to time.

Good Energy's Investor Relations team supports effective communications with shareholders and other investors and can be contacted at: investor.relations@goodenergy.co.uk.

The Board also recognises the importance of ensuring that the Company maintains effective engagement with other stakeholders and taking into account the

interests of internal and external stakeholders when making decisions at Board level. Examples of ways in which Good Energy maintains active communication with other stakeholders include:

Customers:

- updating customers on Good Energy's activities through regular newsletters, communications via digital platforms and publication of content on goodenergy.co.uk and on the Company's social media channels;
- hearing customers views and expectations of Good Energy through thematic assessment of customer contact, gathering in the moment feedback from customers during or immediately following calls, conducting periodic consumer focus groups and regular customer surveys; and
- involving customers in trials of new products and services.

People

- engaging our people regularly with Good Energy's purpose and performance through structured, regular briefings and discussion forums throughout the year;
- maintaining regular engagement with our people both individually and through an established group of employee champions from across the business;
- encouraging information sharing and debate via our internal communications portal, Good Hub; and
- conducting semi-annual engagement surveys and taking into account the feedback received.

Bondholders

- progress updates are provided via the Company's websites, investor newsletters and periodically as part of other communications to bondholders, for example within letters enclosing notice of interest payments.

Delivery partners and suppliers

- operating a tailored approach to support the development and maintenance of strategic relationships.

Local communities

- maintaining open relationships with local authorities and key business groups in Wiltshire and the South West;
- continuing our engagement with communities hosting Good Energy's renewable generation assets; and
- providing talks in local schools

The Board and its Committees

The Board is ultimately responsible to shareholders for the direction, management and performance of the Company and its business.

Biographies of the Board's Directors are set out pages 58-59. Details of the Directors' remuneration, including share options, are set out in the Nominations and Remuneration report on pages 75-81. Details of the Directors' interests in ordinary shares in the capital of the Company are set out on page 84 under Statutory and other information.

The Board maintains a list of matters reserved for its approval, generally being those items which affect the shape, risk profile or strategic direction of the Group, as well as the key financial items. The Board reviews this schedule annually and it is updated as necessary.

Policy-makers and regulators

- maintaining a constructive dialogue with policy-makers on matters relevant to Good Energy's strategy and current operations;
- regular engagement with the energy regulator, Ofgem, both bilaterally as well as through public consultations and industry forums; and
- targeted participation in industry groups aligned to Good Energy's purpose, values and strategy.

The Board has established two principal committees which focus on particular areas as set out below. The Chair of each Committee reports to the Board on its activities after each Committee meeting. Reports from each Committee are included later in this section.

Matters that are not reserved to shareholders, the Board or one of its Committees are the responsibility of the Executive Directors who have established and maintains a documented schedule of delegations of authority to members of the Executive and other management. This delegation of authority is incorporated within the Company's Guiding Principles. The delegation of authority includes a detailed authorisation matrix covering financial limits and approvals needed when conducting business on behalf of the Group.

Board and Committee composition

The following table sets out the composition of the Board and its committees as at 31 December 2019, planned changes for 2020 and those serving during the year:

	Board	Nominations & Remuneration	Audit & Risk Management
Juliet Davenport (CEO)		-	-
Rupert Sanderson (CFO)		-	-
Will Whitehorn (Chairman)	2		
Emma Tinker (Non-Executive)			
Tim Jones (Non-Executive)			
Nemone Wynn-Evans (Non-Executive)			3

Chair

Member

- Not applicable/invitation only

Board & Committee Changes

As part of its annual evaluation process and otherwise as required, the Board reviews its composition to ensure that the Group has access to a balance of complementary skills and experience to enable the Group to achieve its strategic ambitions and wider purpose.

As previously reported, during the year, the Board was pleased to announce the appointment of Will Whitehorn to the role of Deputy Chair and independent Non-Executive Director in July 2018. Following the AGM in June 2019, Will assumed the role as Chairman of the Board.

As previously reported, Nemone Wynn-Evans assumed the Chair of the Audit & Risk Committee following completion of her induction to Good Energy in June 2019.

During the year, the Board decided there was no benefit from the Funding & Investment Committee so this was discontinued. Any funding and investment decisions are now made by the Board.

Rupert Sanderson, Chief Financial Officer, was appointed to the Board on 2 January 2020.

Independence of the Non-Executive Directors

The Board conducts an annual review of the independence of the Non-Executive Directors and considers all of its Non-Executive Directors to be independent in both character and judgement.

The Chairman, Will Whitehorn, was independent upon appointment to the Board in July 2018.

2. Assumed Chair following 2019 AGM

3. Following completion of induction to Good Energy in June 2019

Directors' Indemnities and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers.

Board and Committee Attendance

	Board	Audit & Risk Committee	Nominations & Remuneration Committee
Executive Directors			
Juliet Davenport	8/8	4/4	2/2
Non-Executive Directors			
Will Whitehorn	8/8	4/4	2/2
Emma Tinker	8/8	4/4	2/2
Tim Jones ⁴	7/8	2/4	1/2
Nemone Wynn-Evans ⁵	8/8	4/4	1/1

4. Tim Jones was unable to attend due to prior business commitments

5. Nemone Wynn-Evans has attended all meetings since her appointment to the Board and its Committees

6. For members retiring during the year, the table reflects those meetings applicable to their tenure

Operations of the Board

Details of the number of scheduled Board meetings and attendance of Directors is set out in the table on page 68. The Group's performance is reviewed at these scheduled meetings and the Board is responsible for agreeing and reviewing the strategy for the Group, *for which it maintains both short term (twelve months) and longer-term (three to five years) plans.*

In addition, it is responsible for matters relating to employee recruitment and remuneration, strategy, health and safety and other specific subject areas.

Where relevant, members of the Executive team and other senior leaders within the business are invited to attend Board and Committee discussions. Members of the Board also engage with members of the Executive team and other senior leaders directly on *relevant initiatives.*

During the year, the Board and relevant Committees convened a number of ad-hoc proceedings to support the Group in developing, refining and implementing initiatives in support of its strategic ambitions. In addition, the Board or relevant Committees held regular informal discussions on a variety of topics to consider the impacts of macro-economic events, developments in Government policy and to provide guidance and insight to support the Company in delivering its short term and longer term objectives.

The Board conducts a formal review of the Group's strategy at least annually, at which all Board members and all of the Executive team are present.

Board packs are generally circulated at least one week ahead of scheduled meetings to allow adequate time for the Board and/or Committee Members to review information and prepare. Where a Director is unable to attend a meeting, the materials for the meeting are provided to them and subsequent briefings are provided as appropriate.

The Chairman and Chief Executive maintain regular contact and the Chairman receives a briefing from the Chief Executive before each scheduled Board meeting. The Chairman provides a briefing to the Non-Executive Directors before each scheduled Board meeting to align priorities and maximise the Board's effectiveness at meetings. The Chairman also regularly de-briefs with the Non-Executive Directors after meetings to capture feedback and identify opportunities for improvement. The Executive Directors do not participate in these discussions.

All Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

The Board reviews the operational and financial performance of the Group for each month against a pre-agreed set of performance targets. In addition, the Board receives information through a system of continuous financial planning which enables it to better manage profit and cash flow forecasting, and to inform investment decision making. The formal financial plan

for the forthcoming year is reviewed and authorised by the Board.

The Board and each of its Committees have access to the services of the Company Secretary and external advisers as necessary.

Executive Team

The roles of Chief Executive and Chairman have always been split, with the Chairman operating in a Non-Executive capacity. An outline of the roles and responsibilities of the Chairman, Chief Executive, other Executive Directors and, Non-Executive Directors are provided on page 62.

The responsibilities of the Chief Executive Officer and the Chief Financial Officer are set out on page 62 and they are supported by an Executive team. As at 31 December 2019 the Executive comprised the Chief Financial Officer, Chief Commercial Officer, and Director of People & Customer Operations. The Chief Financial Officer was appointed to the Board on 2 January 2020.

The Executive team is an executive-level forum of the Group's most senior leaders, chaired by the Chief Executive. It comes together to communicate, review and agree on issues and actions of Group-wide significance. It helps to develop, implement and monitor strategic and operational plans, considers the continuing applicability, appropriateness and impact of risks, leads the Group's culture and aids the decision-making of the Chief Executive and Chief Financial Officer in managing the business in the performance of their duties.

During 2019, we reviewed our decision making forums and in 2020 are implementing monthly and weekly forums to provide clearer governance allowing the Company to strengthen in good decisions, reduce risk, and review strategic plans, alongside the Audit & Risk Committee and the Nominations & Remuneration Committee. Monthly forums will include the Executive Committee, Customer Board, People & Operations Board, Energy Board and Budget & Forecasting and weekly forums are Executive and Sales & Operations meetings.

Board and Directors' Performance Evaluation

In the period we transitioned to a new Chair with the focus on *embedding together with the prospect of first evaluation under new Chair.*

Performance of Individual Directors

The individual performance of Executive and Non-Executive Directors is reviewed annually.

The Chairman conducts an individual annual appraisal with the Executive Directors and each Non-Executive Director. The cumulative time commitments of Non-Executive Directors are reviewed as part of the annual performance evaluation to ensure that no Non-Executive Director becomes over-committed and is able to devote sufficient time to the Company to discharge duties effectively. The Chairman's performance is reviewed by the Non-Executive Directors, with input from the Executive Directors and members of the Executive Team.

The performance of members of the Executive team is discussed at the Nominations & Remuneration Committee during the first quarter each year and on an *ad hoc* basis as required. Members of the Executive team do not attend that discussion.

Good Energy Bonds

On 21 May 2019, the Company announced that it would redeem Good Energy Bonds I in full before 30 June 2019.

As previously reported, the Company was permitted to prepay those investments at any time and following the sales of Newton Downs and Brynwhilach solar farms into community ownership, the Company deemed the purposes for which the first bond was raised had been fulfilled. Good Energy Bonds II is not affected.

Annual General Meeting (AGM)

Based on UK Government advice at the time of writing, the Board has decided to change the format of the AGM.

In light of the current UK Government advice and related public health guidance we strongly recommend that shareholders refrain from attending the 2020 AGM in person, as they will be refused entry. The health and wellbeing of our shareholders is of paramount importance to us and we are monitoring the situation and measures advised by the UK Government.

Shareholders are strongly encouraged to appoint the Chairman as their proxy in advance, to ensure that they can vote and be represented at the 2020 AGM. No proxy other than the Chairman will be entitled to attend the meeting in person. If another proxy is appointed, they will therefore be unable to vote. No shareholder (other than those designated as attending for the purposes of the quorum) will be admitted to the meeting. Any shareholders attempting to attend in person will be refused entry.

There will still be opportunity for shareholders to ask questions.

The AGM notice will be circulated to members through their preferred communication methods and will also be available to view on the Group's website at group.goodenergy.co.uk.

A poll is conducted on each resolution at all Company general meetings. All shareholders have the opportunity to cast their votes in respect of proposed resolutions by proxy, either electronically or by post. Following the AGM, voting outcomes are published and are made available on the Group's website.

People at Good Energy

The Group's employment policies follow best practice based on equal opportunities for all employees, irrespective of race, gender, nationality, sexual orientation, disability, marital status, religion or age. All decisions relating to employment are objective, free from bias and based upon work criteria and individual merit. The Company operates on the principle that a workplace where people's differences are valued creates a more productive, innovative and effective organisation. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the business.

Audit & Risk Management report

Overview

Good Energy recognises that effective risk management is critical to enable it to meet its *strategic objectives*.

The Company has a clear framework for identifying and managing risk, both at an operational and strategic level. Its risk identification and mitigation processes have been designed to be responsive to the changing environment in which it operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Group's strategy.

A summary of the key risks facing the Group is set out in the Strategic Report on page 28.

The Board retains overall responsibility for the Company's risk management and internal controls framework. While the Board reviews the Company's principal risks and the suitability of the internal controls annually, responsibility for reviewing the effectiveness of risk management and internal controls is delegated to the Audit and Risk Committee which reviews this on an annual basis. The system of internal controls is designed effectively to manage, rather than eliminate, the risk of failure to achieve business objectives.

Audit & Risk Committee

The members of the Audit and Risk Management Committee are shown on page 67. On 6th February 2019 the Board welcomed Nemone Wynn-Evans as an independent Non-Executive Director. Nemone assumed the Chair of the Committee following completion of her induction to Good Energy in June 2019.

Emma Tinker and Nemone Wynn-Evans are considered to have recent and relevant financial experience. The Chief Executive attends meetings of the Committee by invitation only together with the Chief Financial Officer and Audit & Risk Specialist.

The primary duty of the Audit and Risk Committee is to oversee the accounting and financial reporting process, the internal accounting practices, external audit arrangements and effectiveness of the Group's risk management and internal control system. Further reviews will be undertaken throughout 2020 in light of the COVID-19 outbreak.

The Audit and Risk Committee also meets at least annually with the Group's external auditors to review and agree the audit services being provided to the Group, including any non-audit services. It also meets with external auditors, without management being present, to discuss the audit process.

During the period, the Committee:

- oversaw an upgrade of the enterprise risk management framework to improve business integration;
- oversaw an improvement of financial and operational reporting and controls;
- were involved with the application for derogation from the energy price cap;
- were consulted on the implementation plan for the Kraken project; and
- were consulted on the reporting of one-off errors within the full and half year results.

Risk control environment and internal audit

The Company has an established risk and internal audit function which was led by the General Counsel & Company Secretary throughout the year. For 2020, under the new management structure, the risk and internal audit function will fall under the remit of the Chief Financial Officer.

The internal audit and risk function is responsible for Good Energy's risk management activities, and internal audits. As such, its activities include ensuring the regular review of internal controls relating to key risks, reporting on risk events to the Audit & Risk Committee and reviewing and testing the effectiveness of internal controls through audit reviews. Key Risks are shown on pages 28-31 in the Strategic report.

Since completing its groupwide upgrade of the control environment in 2015, Good Energy has continued to evolve its code of conduct, a 'Guiding Principles' approach that is appropriate for a fast-growing business. This ensures everyone who works at Good Energy reflects the Company's ethos when working together.

The Guiding Principles provide a framework to empower Good Energy employees to make *informed decisions that are in the best interests* of the Company and its customers and other stakeholders, reflect the environment in which the Company operates, mitigate risk, and explain where to get advice. The Guiding Principles demonstrate the Group's commitment to working with honesty, respect and transparency. They also include policies relating to, amongst other things, customer service, data handling, health & safety, approvals & authorities, procurement, and corporate responsibility.

The Guiding Principles are refreshed at least annually and the Group continues to evolve the way in which it secures engagement from employees at all levels across the organisation.

The internal audit and risk management function aims to build on initiatives such as the Company's Guiding Principles, to enhance the control environment. Reporting into the Audit and Risk Committee, the function has carried out audit activity to provide assurance that key risks are being identified and mitigated, and associated controls are operating effectively.

Going Concern

The Group is actively monitoring the impact of COVID-19 on its business and has put in place a number of mitigations to minimise the impact. The Group has been working with a variety of stakeholders to ensure our UK focused business is well placed to respond. The implementation of our new customer technology platform is progressing as planned which provides us with future flexibility to operate and deliver all services to customers. We now have our full business of just under 300 people successfully working remotely. All core business functions including customer care are functioning as expected although we are needing to make adjustments, such as encouraging substantial self-serve on meter reading etc, given those third-party face to face operations are being substantially curtailed.

The operation of generation sites has been unaffected during the lockdown period. Sites can operate without human intervention, and contractors have been able to attend site for any required maintenance as they are exempt from travel restrictions due to utilities being an essential service. While it is difficult to forecast the impact of COVID 19, the Group's day-to-day operations continue without being materially affected.

Early indications have shown a 10-15% increase in demand for domestic electricity and gas with domestic customers accounting for approximately 55% of Good Energy's supply cash flow. We have seen a reduction of approximately 25% in electricity demand from our business customers. Business customers account for approximately 45% of Good Energy's supply cash flow. We have currently seen no deterioration in direct debit or pay on receipt of bill cash receipts from customers since the start of the COVID-19. However, as the lockdown period continues, and an economic downturn commences we are expecting an impact on business and domestic customers' ability to pay for energy usage.

The Group has spent considerable time assessing the potential impacts that COVID-19 could have on our operations. This assessment has taken in to account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure, and potential reductions in revenues resulting from the economic impact on domestic and business customers due to lockdown and an expected economic downturn. It also assumes that there are no overdraft or additional loan facilities in place.

The Group has long standing and well operated trading relationships with a number of counterparties, the majority of which contain an agreement that the Group's Tangible Net Worth (defined as paid up shareholder cash contributions plus retained earnings) should not decrease by more than 25% over a 12 month period or fall to below a certain level. Tangible Net Worth covenants are tested annually on publication of audited financial statements. Breach of this financial covenant allows counterparties, if they so decide, to request additional financial support (which may be in the form of a parent company guarantee, letter of credit or other financial security). The counterparty may terminate the contract if appropriate additional financial security is not provided, if requested, within a timely manner. The value at risk with counterparties based upon current commodity contracts and current market prices is estimated at approximately £2m.

The group's borrowings with GCP, amounting to £33.8m, contains two covenants being a debt service cover ratio and a loan life cover ratio specifically associated with the generation assets. Compliance with these covenants is based on generation prices and volumes, which the Board has concluded are not materially affected by COVID-19.

The Board has considered a Downside Case which assumes the reduced energy usage during a lockdown period of four months, assumes that 10% of domestic customers and 25% of business customers make no payments during this period, that 30% of these debts are not subsequently collected within a twelve-month period and that 50% of bondholders elect to redeem their bonds in June 2021. The Downside Case indicates that the Company is compliant with the counterparty covenant test and able to operate for twelve months from the date of approval of the Annual Report and Accounts.

Given the uncertainty over the lockdown period and collection rates, this has been sensitised under a plausible reverse cash stress test such that the lockdown period extends to six months, that 30% of domestic customers and 40% of business customers make no payments during this period, that 50% of these debts are not subsequently collected and that 100% of bondholders elect to redeem their bonds. Under this scenario, the Group would have sufficient cash to repay the bond in full in June 2021, with nil cash balance remaining, and would be compliant with its counterparty covenant.

It is plausible that lockdown periods in the going concern period are over a period of longer than six months, or the impacts on cash collection is worse than the scenarios above. If either of these were the case in addition to the reverse cash stress test, the Group would breach its counterparty covenant and/or would have insufficient cash to repay the bond in full in June 2021.

The Directors are confident that further mitigating actions could be taken by inception of new banking facilities, the sale of generation sites, issuing new

equity or ensuring a waiver from the counterparty covenant breach. However at this point, these plans, whilst under contemplation by the Board, are not in place and therefore the risk of not being able to mitigate the liquidity risk including the breach of the counterparty covenant represent material uncertainty that may cast doubt over the Group's ability to continue to apply the going concern basis of accounting.

Notwithstanding the material uncertainty described above, after making enquiries and assessing the progress against forecast, projections and status of the mitigating actions referred to above, the Directors have a reasonable expectation that the Group will continue in operation and meets its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

External Audit

Auditor appointment

Following a competitive tender process, the Group appointed Ernst & Young as auditors during 2017. Ernst & Young's appointment was confirmed by members at the 2018 AGM. Ernst & Young LLP continue as the Company's auditors. The Committee will consider whether to re-tender the audit after a five year period, or earlier if appropriate.

Auditor independence

The Audit and Risk Committee monitors the Group's safeguards against compromising the objectivity and independence of the external auditors. It annually reviews any non-audit services provided to the Group and their cost, and whether the auditors believe there are any relationships that may affect their independence and obtaining written confirmation from the auditors that they are independent.

The Audit and Risk Committee has also reviewed its policy for awarding non-audit work.

For the financial year ended 31 December 2019, the Committee has conducted its review of the auditors' independence and concluded that no conflict of interest exists between Ernst & Young LLP audit and non-audit work. The Audit and Risk Committee is using Ernst & Young for audit only services.

Audit and non-audit fees

The Audit & Risk Committee reviewed the remuneration received by Ernst & Young for non-audit work conducted during the period as part of assessing their independence. For further details regarding fees paid, see note 7 to the financial statements on page 136.

Whistleblowing Policy

The Group's whistleblowing policy is supported by a clear process and includes a secure, independent and anonymous third-party helpline, through which any person, from employees to casual contract workers, may raise concerns about wrong doing, poor practices, risks or dangers in relation to the Company's business dealings or activities.

The Whistleblowing Policy is reviewed annually by the Audit and Risk Committee. Any whistleblowing incidents and their outcomes are reported to the Committee. No reports were made during 2019.



Nomination & Remuneration report

Overview

Good Energy operates on the principle that a workplace where people's differences are valued creates a more productive, innovative and effective organisation. The Company also recognises that attracting, retaining and incentivising key talent is integral to its ability to meet its strategic objectives.

The Board retains overall responsibility for the Company's people and reward strategies.

Diversity and inclusion are beliefs which Good Energy are passionate about and continue to promote throughout the company. Diversity at Good Energy provides different perspectives which are highly valued as these differences support the Company in achieving its purpose. The Company believe inclusion and diversity are consistent with its values and are considered in recruitment selection processes, opportunities for development and promotion, pay and benefits for its people. Diversity, equality & inclusion guidance and online training is provided to all employees during induction.

Data gathering has begun relating to the ethnicity of its people to enable a fuller understanding of the representation at Good Energy.

While the Board reviews the suitability of these strategies annually, responsibility for reviewing the effectiveness of these strategies and underlying plans is delegated to the Nominations & Remuneration Committee.

The Nominations & Remuneration Committee

The members of the Nominations and Remuneration Committee are Emma Tinker (Chair), Will Whitehorn, Tim Jones and Nemone Wynn-Evans, all of whom are independent Non-Executive Directors.

The primary duties of the Nominations & Remuneration Committee are to:

- review the structure, size and composition of the Board and its Committees to ensure that they remain appropriate to support the Company's growth and development, and making recommendations to the Board;
- ensure that there is a formal, rigorous and transparent process for the appointment of new Directors to the Board;
- to consider and develop succession plans appropriate for the Group;
- determine the Group's approach to the remuneration of the Executive Directors and senior managers of the Group, on behalf of the Board;

- conduct an annual appraisal of the performance of the Executive Directors; and
- assess Company performance against performance targets within reward schemes.

No Director may be involved in any decisions as to their own remuneration.

The Nominations & Remuneration Committee also oversees the group-wide remuneration strategy, particularly with respect to diversity, inclusion and gender pay. The functions of a Nominations Committee were introduced to the pre-existing Remuneration Committee during 2016. During the period, the Board considered whether these functions would be better separated into two separate committees and concluded that it remained appropriate for the functions to be combined within a single committee. The Board will review this periodically.

Nominations

The Committee will keep under review the composition of the Board, the mix of skills and experience of the Directors and the needs of the business, having due consideration for the benefits of diversity, and support the Group in developing appropriate succession plans to meet its long-term objectives.

The Board remains focused on promoting diversity across the organisation and notes that women and men were equally represented at both Board and Executive level during the period.

The Committee is responsible for reviewing the time commitments of each Director both prior to all appointments and annually, as part of the Board Evaluation process, to ensure that all Directors devote sufficient time to the Company to discharge their duties effectively.

During the period, the Committee:

- received and considered proposals to implement the role of Chief Financial Officer, including reviewing the resulting composition of the Board and the availability of a suitable mix of skills, experience and expertise;
- oversaw the recruitment, appointment and induction of Rupert Sanderson following its recommendation that the Board appoint a Chief Financial Officer to the Board; and
- reviewed overall appropriateness of the new Executive management structure in order to implement and deliver company strategy.

Remuneration

Information about the remuneration of the Directors of the Company for the year ended 31 December 2019 is set out in the following section. This report is unaudited and has been prepared in accordance with the requirements for AIM listed companies set out in the Companies Act 2006 and the AIM rules.

The Group's bonus and share-based incentive schemes have been in place since 2016 and remain aligned with current best practice. They are designed to motivate and incentivise key talent to assist the Group in achieving its strategic aims and comprise:

- an Annual Bonus Plan that encompasses both financial and non-financial annual performance targets, details of which are set out on page 79; and
- a Performance Share Plan for Executive Directors and members of the senior management team, details of which are set out on page 80.

During the period, the Remuneration Committee agreed a non-material alteration to the performance criteria, introducing an objective measure which considers retention of key talent in place of the previous employee engagement criterion. No other changes have been made to the operation of these schemes during the period.

Remuneration Policy

Details of the Company's Nominations & Remuneration Committee are set out on page 67.

The Nominations & Remuneration Committee has designed and adopted a remuneration policy to ensure that the Company is able to attract, retain and motivate its Executive Directors and senior management.

The Group operates in a competitive environment. It therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment, geographical location and strategic aims of the Company.

The Group aims to align the interests of shareholders with those of Executive Directors and senior management by giving the latter the opportunity to build up a shareholding interest in the Company.

Service agreements, notice periods and termination payments

The service agreements for the Executive Directors are not for a fixed term and may in normal circumstances be terminated on the notice periods listed on the following page.

The remuneration of the Chairman of the Company and the Non-Executive Directors consists of fees that are paid monthly in arrears.

The Chairman and the Non-Executive Directors did not participate in any bonus scheme or long-term incentive reward schemes, nor did they accrue any pension entitlement during the period. Following the publication in August 2015 of HMRC's express confirmation of the travel rules that apply to Non-Executive Directors, the Company reimburses Non-Executive Directors' travel expenses between home and the Company's Head Office. The key terms of the Non-Executives Directors' appointments are set out in the table on the following page.

The Group reviewed Non-Executive Director fees and concluded that the existing annual fees and structure remain appropriate. See table overleaf. The fee for each Non-Executive Director is £25,000, with an additional fee for those that chair a committee. The fee payable to the Deputy Chair is £40,000 and the fee payable to the Chairman is £45,000.

Executive salaries were also benchmarked during the year against AIM company data and adjusted where necessary to reflect the size of the Company.

Service agreements, notice periods and termination payments

Name	Position	Date of contract	Notice period	Annual Salary (£)
Executive Directors				
Juliet Davenport	Chief Executive	02 August 2007	9 months	218,000
Non-Executive Directors				
Emma Tinker		02 September 2016		30,000
Tim Jones		01 December 2017		25,000
Will Whitehorn		26 July 2018 ¹		45,000
Nemone Wynn-Evans		01 January 2019		32,000
Former Directors				
John Maltby		15 October 2012		45,000

¹ Formal appointment to the Board took effect on 4 July 2018.

Salaries/Fees, annual bonus and benefits

Name	Salary/fee	Pension	Benefits in Kind	Annual Bonus	Total	Total
	2019 (£)	2019 (£)	2019 (£)	2019 (£)	2019 (£)	2018 (£)
Executive Directors						
Juliet Davenport	222,931	27,580	22,391	95,000	367,902	330,625
Sub-total	222,931	27,580	22,391	95,000	367,902	330,625
Non-Executive Directors						
Will Whitehorn ²	46,278	-	-	-	46,278	19,422
Emma Tinker	31,864	-	-	-	31,864	31,911
Tim Jones	25,109	-	-	-	25,109	25,842
Nemone Wynn-Evans ³	32,719	-	-	-	32,719	-
John Maltby ⁴	33,750	-	-	-	33,750	48,259
Sub-total	169,720	-	-	-	169,720	125,434
Overall total	392,651	27,580	22,391	95,000⁵	537,622	456,059⁶

². Pro-rata for the period of directorship. Joined the Board effective 04 July 2018.

³. Pro-rata for the period of directorship. Joined the Board effective 06 February 2019.

⁴. Pro-rata for the period of directorship. Left the Board effective 13 June 2019.

⁵. 2018 bonus paid in 2019

⁶. 2018 total (including former directors) was \$651,521.

Annual bonus scheme

Operation of the scheme

In 2018, the Remuneration Committee agreed a non-material alteration to the performance criteria for the scheme, introducing an objective measure which considers retention of key talent in place of the previous employee engagement criterion. No other changes were made to the operation of the bonus scheme during the period.

All bonuses under the bonus scheme are individually capped. A maximum potential bonus of 75% of Executive Directors' salary is payable in relation to the Company's performance against four key performance metrics. The performance metrics and their relative weightings are shown in the table below.

Maximum bonus will only be payable in the event that stretch targets for all four of these performance metrics are met. Performance against the targets is measured on a sliding scale basis between the achievement of threshold, on-target and stretch targets, starting with one third of the potential

bonus being payable where threshold targets are met. No bonus will be payable unless the Group's *profit before tax meets the threshold targets* unless the Nominations & Remuneration Committee, in its discretion, determines otherwise.

The Nominations & Remuneration Committee also retains discretion, under the bonus scheme rules, to adjust any payments in line with individual performance.

Individual performance targets are set annually and reviewed at the end of the relevant financial year, and annual targets for each of the four Company performance metrics will be set by the Nominations and Remuneration Committee.

The Group considers that the targets for 2020 are commercially sensitive and are not therefore disclosed. However, retrospective disclosure of performance against targets for the year ending 31 December 2019 is provided on the following page.

Measure	Strategic objective	Weighting
Group profit before tax	Deliver profit growth	60%
Absolute net promoter score	Maintain customer satisfaction ratings	20%
Employee retention ⁷	Attract and retain employees with the right skills, knowledge and mind-set to help deliver the Company's growth plans	10%
Corporate CO ₂ reduction	Help to reduce carbon emissions	10%

2019 targets and performance

The Group's performance against targets and actual outturn for the financial year ended 31 December 2019 are set out in the table below.

Although the Group profit before tax exceeded threshold for 2019, in light of the ongoing COVID-19 pandemic the staff bonus is deferred.

Measure	2019 outturn	2018 outturn	2019 performance against target
Profit before tax ⁸	£2.1	£1.7m	Between threshold and target
NPS	54	46	Target
Employee retention	78%	68%	Target
Corporate CO ₂ reduction	ISO 14001 maintained. Emissions neutralised and reduced by 12% per head.	ISO 14001 maintained. Emissions neutralised and reduced by 10.5% per head.	Target

⁷ This measure considered 'employee engagement' in 2017 and was altered by the Committee for 2018.

⁸ Calculated on underlying continuing PBT of £2.1m after the £865k non-underlying costs associated to the Kraken customer services investment. 2018 calculated on underlying continuing PBT of £1.7m excluding the impact of £0.6m reclassification relating to Brynwhiloch solar farm.

Performance share plan ("PSP")

Operation of the scheme

The existing scheme was implemented during 2016 following advice from external remuneration consultants and in consultation with the Company's ten largest shareholders. It is designed to enhance alignment between Executive Directors and shareholders, and better reflect current market practice, including the addition of performance conditions for the vesting of awards, which are described in more detail below, where previously there were none.

The usual policy is to grant awards to Executive Directors over shares worth up to 50% of salary at the time of grant. The maximum limit of an award to any individual under the PSP in any financial year would be 100% of annual salary, subject to the Remuneration Committee's discretion to increase to 150% of salary in exceptional circumstances.

Awards granted under the scheme shall normally vest *three years from the date of grant*, subject to continued employment and satisfaction of performance criteria measured over a three year period.

Performance against targets is measured on a sliding scale, with 20% of the relevant part of the award vesting at threshold level, 50% vesting for on-target performance through to 100% vesting

for achieving stretch targets. No award will vest unless Total Shareholder Return is positive over the measurement period.

The Nominations & Remuneration Committee may, at any time up to and including vesting, reduce the vesting level of awards where there has been, amongst other things, a material misstatement in the accounts, an error in any information on which performance targets were based, gross misconduct or fraud by the employee.

Performance targets

The performance metrics and their relative weightings for the 2019 grant of awards are shown in the table below. The Group considers the targets themselves to be commercially sensitive and these are not therefore disclosed. However, retrospective disclosure of performance against targets will be provided at the end of the relevant measurement period.

Measure	Strategic objective	Weighting
Earnings per share	Drive shareholder value	60%
Relative net promoter score (relative to 'Big 6' energy companies)	Maintain higher customer satisfaction rating than 'Big 6' energy firms	20%
Customer CO ₂ reduction	Ensure long term sustainability of our own operation	20%

Directors' share options

Details of the Directors' share options outstanding at 31 December 2019⁹ are shown below.

Name	Date option granted	Number of options outstanding as at 31 December 2019	Option price	Exercised during period	Cancelled/surrendered during period
Juliet Davenport	01/06/2004	–	£0.75	15,000 ¹⁰	–
	13/02/2012	86,956	£1.15	–	–
	13/02/2012	17,390	£1.15	–	–
	18/09/2012	189,052	£0.50	–	–
	13/07/2013	144,000	£1.25	–	–
	22/04/2016	–	£0.05	–	88,496
	10/05/2017	42,363	£0.05	–	–
	15/11/2018	122,472	£0.05	–	–
Total		602,233		15,000	88,496

Emma Tinker

Chair of Nominations and
Remuneration Committee
3 June 2020



⁹ Rupert Sanderson joined the Board in January 2020. Options granted 15/11/2018. £58,427 outstanding at 31 December 2019. Option price £0.05.
¹⁰ Exercised in full on 14 January 2019.



Statutory and other information

General company information

Good Energy Group PLC is a public limited company incorporated in England and Wales.

The Company's registered office and principal place of business is: Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE and the registered number is 04000623.

Share capital

On 31 December 2019, 16,621,245 ordinary shares of 5p each were in issue. The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange, is a founding member of the Social Stock Exchange (SSE) and its shares have been trading on the Social Impact segment of the NEX Growth Market since 5 January 2016.

Significant shareholders

At 31 December 2019, the following shareholders had notified an interest exceeding 3% of the issued ordinary share capital of the Company (excluding Directors and their respective families as defined in the AIM rules, details of which are set out on the next page):

Shareholder	Number of shares	%
Ecotricity Group Limited	4,169,948	25.1%
Hargreaves Lansdown plc	1,167,014	7.0%
Martin Edwards	669,827	4.0%

Share class rights

Ordinary shares

The full share class rights are set out in the Company's Articles of Association which are available to view at goodenergygroup.co.uk and summarised below:

Each member has one vote for each ordinary share held. Holders of ordinary shares are entitled to: receive the Company's Annual Report and Accounts; attend and speak at general meetings of the Company; appoint one or more proxies or, if they are corporations, corporate representatives; and exercise voting rights. Holders of ordinary shares may receive a dividend in cash or ordinary shares under the Company's scrip dividend scheme and on liquidation may share in the assets of the Company.

Shareholder agreements and consent requirements

There are no known arrangements under which financial rights carried by any of the shares in the Company are held by a person other than the holder

of the shares and no known agreements between the holders of shares with restrictions on the transfer of shares or exercise of voting rights.

Authority to issue shares

At the AGM in 2019, authority was given to the Directors to allot new ordinary shares up to a nominal value of £276,192, equivalent to one-third of the issued share capital of the Company at that time. The Directors were also authorised to allot up to two thirds of the total issued share capital of the Company, but only in the case of a rights issue.

These authorities are valid until the AGM in 2020, and the Directors propose to renew this authority at the AGM.

The Board believes this authority will allow the Company to retain flexibility to respond to circumstances and opportunities as they arise.

Deadlines for exercising voting rights

Electronic and paper proxy appointments, and voting instructions, must be received by the company's Registrar not less than 48 hours before a general meeting.

Dividends

Details relating to the proposed 2019 final dividend are set out in the Chairman's Statement on page 9.

Directors

The names of the Directors that held office during the financial year are set out on page 58-59.

IFRS 16

Good Energy Group plc has introduced IFRS 16 Leases for the first time in its financial year to 31 December 2019.

The Group has chosen to adopt the modified retrospective approach of implementing this standard, and as such, comparative information in the Annual Report for the year ending 31 December 2018 has not been restated.

The new requirements under IFRS 16 will have a significant impact the way in which the Group accounts for its lease contracts.

Additional assets and liabilities will be accounted for in the Statement of Financial Position. Costs in the Statement of Comprehensive Income will change from a lease expense, replaced by a depreciation charge along with a finance cost. This results in increased costs in the earlier years of the lease, which will reduce over time as the values of the assets and liabilities decrease.

The effects of the implementation of this standard are discussed in more detail in notes 2.4 and 16 of this Annual Report.

Directors' interests and their interests in the Company's shares¹

The interests (all of which are beneficial unless otherwise stated) of the Directors and their families as defined in the AIM Rules in the issued share capital of Good Energy Group plc are:

	No. shares as at 31 December 2019	%age of issued share capital	No. shares as at 31 December 2018	%age of issued share capital
Current Directors				
Juliet Davenport ²	627,455	3.78	627,455	3.78
Rupert Sanderson	16,770	0.10	-	-
Will Whitehorn	52,000	0.31	28,000	0.17
Emma Tinker ³	1,560	0.01	1,523	0.01
Tim Jones	9,489	0.06	9,489	0.06
Nemone Wynn-Evans	9,500	0.06	-	-

Financial instruments

The Group's financial instruments include bank loans and other borrowings, a corporate bond and overdraft.

The principal objective of these instruments is to raise funds for general corporate purposes and to manage financial risk. Further details of these instruments are given in note 26 in the Financial Statements.

Future developments & research

Details of future developments are given in the Chief Executive's Review within the Strategic Review. Innovation is key to the future development of the Group's business propositions. The Group does not incur material research and development expenditure but does undertake selected research, development and innovation projects which are often grant-funded.

Referral Arrangements/ Political Donations

The Company has operated and continues to operate referral arrangements with certain political parties. It considers these to be commercial arrangements, with a referral payment made for each customer referred to Good Energy. However, the Companies Act 2006 definitions of the making of political donations or the incurring of political expenditure are capable of a wide interpretation. In the interests of transparency,

the Company has obtained shareholder approval for the referral arrangements at its Annual General Meetings since 2015 and anticipates requesting that authorisation be refreshed at the Annual General Meeting in 2020.

Impact on the environment

The Company is committed to reducing its environmental impact and the carbon emissions from its operations. ISO14001 accreditation was achieved during 2017, providing independent confirmation that the Group meets international standards for measuring and continually improving environmental performance. The Company regularly measures its Scope 1 and Scope 2 emissions and as many indirect Scope 3 emissions as possible. Where it is not yet possible to avoid or eliminate emissions, these are neutralised through international carbon reduction projects. More information can be found in the Strategic Report.

Gender Pay

The Board welcomed the introduction in 2017 of Gender Pay reporting. The Group has a strong commitment to gender balance and equality at all levels of the business. The Board is proud to have an equal gender balance (female : male) at Board level and just over 50% women within the business overall. The Group's mean pay gap for 2019 is

1. Certain of the Directors hold share options as detailed on pages 81 within the Nominations & Remuneration Report.

2. Juliet Davenport holds 583,179 Ordinary Shares in the Company in her own name. Her husband owns 43,000 Ordinary Shares. One daughter owns 638 Ordinary Shares and Juliet Davenport holds a further 638 Ordinary Shares on behalf of another daughter.

3. Emma Tinker's holding increased during the year as a result of participation in the scrip dividend.

27%. The gap predominantly arises because the Group currently employs more men than women in middle management roles, particularly in Science, Engineering, Technology and Maths (STEM) related functions. The Group's full Gender Pay Report, which also details the actions initiated by the Board to close the Group's gender pay gap, is published on its website.

Modern Slavery

Although the Group considers the inherent risk of encountering issues of modern slavery within its business, supply chains and strategic affiliations to be low, it is nonetheless an issue that the Group and the Board takes very seriously. The Group's full statement under section 54 of the Modern Slavery Act 2015 for the period ended 31 December 2019 is published on its website.

Related Party Transactions

Related party transactions are set out in note 34 in the Financial statements.

Disclosure of Information to Auditors

So far as each 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 they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given, and should be interpreted, in accordance with the provisions of Section 418 of the Companies Act 2006.

Events after the Balance Sheet date

In March 2020 the outbreak of COVID-19 became a global issue. In light of the outbreak's wide-ranging implications, the Group have undertaken a detailed going concern review to ensure continued operations throughout the period affected, with a particular focus on cash flows and business continuity plans. To date, the Group has not seen any significant financial impact from the COVID-19 outbreak, however it continues to monitor the situation closely throughout the coming weeks and months.

The Directors have concluded that the latest developments up to the date of signing of these financial statements have not provided further information about the circumstances existing at the reporting date, therefore do not expect any adjustments to these financial statements to be made as a consequence.

As a result of the detailed review, the Directors have a reasonable expectation that the Group will continue in operation and meet its commitments as they fall due over the going concern period, subject to material uncertainties over liquidity. The detailed going concern review can be found in full per the Audit & Risk Management Report on pages 72-73.

The Directors proposed a final dividend for the year of 2.6p per share. Due to the ongoing COVID-19 outbreak the Directors have subsequently proposed to defer the payment of this dividend, to provide more flexibility in the Group's response to the pandemic. The Directors will continue to monitor the COVID-19 situation on an ongoing basis and consider the payment of the final dividend.

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors submit their Annual Report and Financial Statements (Annual Report and Accounts) for Good Energy Group plc for the year ended 31 December 2019. The directors' report required under the Companies Act 2006 comprises this Governance & Directors' Report and the Nominations & Remuneration Report.

The Company is required to set out a fair review of the Group's activities and a description of the principal risks and uncertainties facing the business as detailed in the Strategic Report. This requirement includes an analysis of the development and performance of the Group's business during the financial year, and the position of the Group at the end of the reporting period consistent with its size and complexity.

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation, including company law which requires the Directors to prepare financial statements for each financial year. 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 the profit or loss of the Group and parent company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors have prepared the Group financial statements in accordance with (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company. These records must also enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for the system of internal controls, for safeguarding the assets of the Group and parent company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance & Directors report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company

- the Group's consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Governance Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

The Annual Report and Accounts, including the Strategic Report, Governance & Directors' Report, Remuneration Report and Financial Statements, have been prepared and approved by the Board and are published in accordance with, and with reliance on, applicable English company law. The liabilities of Directors in relation to the Annual Report and Accounts are subject to the limitations and restrictions provided by such law.

William Whitehorn

Chairman
3 June 2020



Independent Auditors' report to the members of Good Energy Group plc

Opinion

In our opinion:

- Good Energy Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Good Energy Group plc which comprise:

Group

Consolidated Statement of Financial Position as at 31 December 2019

Consolidated Statement of Comprehensive Income for the year then ended

Consolidated Statement of Changes in Equity for the year then ended

Consolidated Statement of Cash Flows for the year then ended

Related notes 1 to 37 to the financial statements, including a summary of significant accounting policies

Parent company

Parent Company Statement of Financial Position as at 31 December 2019

Parent Company Statement of Changes in Equity for the year then ended

Parent Company Statement of Cash Flows for the year then ended

Related notes 1 to 37 to the financial statements including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.3 to the financial statements which indicates that the ability of the Group and Company to continue as a going concern is subject to material uncertainty. With the current outbreak of COVID 19 in the UK, there is uncertainty over the length of lockdown periods which cause decreases in electricity consumption and the ability

for customers to pay debts as they fall due. This uncertainty means the Group may be unable to repay its bondholders when this becomes due on June 2021 and may mean the Group breaches its counterparty covenant. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3, have caused a material uncertainty that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We describe below how our audit has responded to the material uncertainty related to going concern:

- We obtained management's forecast cash flows and covenant calculations covering the period from the date of signing to 30 June 2021. We tested the clerical accuracy of the cash flows, as well as the calculation of the forecast covenants and the headroom in respect of the financial covenant compliance.
- We audited the assumptions used by the Board of Directors in respect of the going concern assessment and reverse stress test reflecting the potential impact of COVID-19 to determine the magnitude of decline in revenue, breaching of counterparty trading covenants and cashflow that would give rise to an inability to repay the bonds in the event the lenders called for repayment in June 2021 (after taking into consideration the controllable mitigations).
- We assessed the Board's controllable mitigation plans and considered the ability of the business to operate and repay the bonds in full including compliance with Group's financial covenants. We obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans.
- We compared forecast future cashflows to historical data, ensuring variations are in line with our expectations and understanding of the business and considered the reliability of past forecasts.
- We performed our own sensitivity analysis on managements forecast cashflows and considered the reverse stress tested management model.
- We assessed the adequacy of disclosures within the Annual Report and Accounts

Overview of our audit approach

Key audit matters	• Revenue recognition, specifically the estimated unbilled income • Revenue recognition due to the susceptibility to management override through inappropriate, manual entries • Valuation of the expected credit loss provision
Audit scope	• We performed an audit of the complete financial information of 3 components and audit procedures on specific balances for a further 9 components • The components where we performed full, specific or specified audit procedures accounted for 97% of Profit before tax, 100% of Revenue and 95% of Total assets.
Materiality	• Overall group materiality of £1.0m which represents 0.8% of revenues

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, specifically the estimated unbilled income Accounting policies (page 112); and Note 21 of the Consolidated Financial Statements (page 154) The Group's material revenue streams relate to the provision of gas and electricity services. This risk over revenue recognition specifically arises in income from metered services amounting to £18.7m (2018: £18.0m), which requires an estimation of the amount of unbilled charges at the year end. This is calculated using a combination of system generated information, based on previous customer volume usage, together with management judgements as to the likely impact on usage of factors such as seasonal variations. Due to the accrued income being an estimation, the risk of management bias is high. The risk has decreased in the current year due to the billing system and process now being fully operational for 2 years.	Our procedures included: • We obtained an understanding of the process for the supply of gas and electric services, meter reading and related billing in order to ascertain the completeness of adjustments to reflect the accrual or deferral of revenue. • We assessed the design of key controls linked to system generated information relating to the estimation process for measured revenue. • We tested the inputs into the billing system, including meter reads, tariffs and estimated average consumption. This was to ensure that calculated bills and the resultant revenues reflected accurate contract agreed prices and usage. • We compared the accrued income to bills raised post year end for a sample of customers to confirm the accuracy of the estimated usage and revenue recorded. • We corroborated the key assumptions made by management in recognising revenue, by obtaining internal and external data on demand. • We tested whether revenue was recognised in the correct period by recalculating the accrued income based on the last billed date and compare that to the amount billed. • We performed analytical procedures by comparing revenue balances for the year against expectation from industry consumption data and obtaining support for significant variances against that data. • In performing our journal testing, we paid increased attention to entries impacting revenue focusing on non-system postings and those raised in the last two weeks of the year. • We performed full scope audit procedures over this risk area in 2 locations, which covered 100% of the risk amount.	We did not identify material errors in the unbilled income report, nor evidence of management manipulation of revenue within this report. We conclude that management's assumptions in respect of customer demand are within an acceptable range We concluded that the basis of calculation of the unbilled income accrual is appropriate.

Risk

Revenue recognition due to the susceptibility to management override through inappropriate manual entries.

Accounting policies (page 112); and Note 4 of the Consolidated Financial Statements (page 127).

We consider that all except the accrued income of Good Energy's revenue transactions reported under existing IFRS guidance are routine, non-complex, and systems driven, with no judgement applied over the recorded amount.

However, the accounting for revenues is susceptible to management override through the recording of manual topside journal entries either in the underlying ledgers or during the consolidation process.

We focused on this area due to the manual nature of the consolidation process and the non-routine judgemental nature of some of the manual journals posted.

Our response to the risk

We performed walkthroughs of the consolidation process at various month ends throughout the year, including the interim and year end to assess the design and implementation of key controls over the manual consolidation process.

Audit procedures specifically designed to address the risk of management override included using data extracted from the accounting system to test the appropriateness of journal entries impacting revenue, as well as other adjustments made in the preparation of the financial statements, with a focus on selecting and testing manual journals.

For all locations we verified the results of the consolidated entities used in the manual consolidation by agreeing the results included in the consolidation directly to the results audited by the audit team.

We selected all consolidation journals exceeding 15% of performance materiality and obtained evidence to verify the validity and accuracy of the journals being posted.

Key observations communicated to the Audit Committee

Based on the audit procedures performed manual entries were appropriate, including post close adjustments during the consolidation process.

Our journal entry testing procedures did not identify instances of inappropriate management override in the recognition of revenue across the Group.

There were no changes in the key audit matters in the current year auditor's report compared to the prior year auditor's report.

Risk

Our response to the risk

Key observations communicated to the Audit Committee

Expected Credit Losses

Accounting policies (page 118); and Note 21 of the Financial Statements (page 154)

There is an expected credit loss (ECL) provision of £9.2m (2018: £5.8m) at the year-end against gross amounts receivable from customers of £39.0m (2018: £31.5m).

The simplified approach to ECL under IFRS 9 was calculated using management's judgement of the future likely recovery rates.

There is a risk that the assumptions used by management in calculating the ECL provision may be susceptible to management bias and the valuation of ECL amounts against trade receivables and unbilled income may be misstated.

The risk has increased due to the changes on the how accrued income are calculated and estimated.

Our procedures included:

- We performed a walkthrough of the process for calculating the ECL provision and assessed the design effectiveness of key controls.
- We tested the integrity of data and the report utilised to generate the ageing and categorisation of debt within the Company's billing system.
- We corroborated assumptions made by management on collection rates and performed sensitivity analysis on the impact of these rates on the ECL provision.
- We formed a view that the assumptions made by management on collection rates were within our expected range by agreeing to third party confirmations over the rates used and performed sensitivity analysis on the impact of these rates on the ECL provision.
- We assessed the impact of IFRS 9 on the calculation prepared by management and challenged provisioning rates based on expected credit losses through past history and predicted market conditions.
- We performed analysis against debt held at year end compared to cash collected post year end disaggregated into the categorisation of customers used by management in the provision calculation to assess the reasonableness of provisioning rates.
- We tested the appropriateness of journal entries and adjustments impacting the ECL provision particularly those raised close to the balance sheet date.
- We performed full scope audit procedures over this risk area in 2 locations, which covered 100% of the risk amount.

We assessed management's judgments and concluded that the ECL provision is within an acceptable range and reflects likelihood of collections in future periods.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to *form an opinion on the consolidated financial statements*. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 15 reporting components of the Group, we selected 13 components covering entities all within the UK, which represent the principal business units within the Group.

Of the 13 components selected, we performed an audit of the complete financial information of 3 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 10 components (9 "specific scope components" and 1 "specified procedures"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

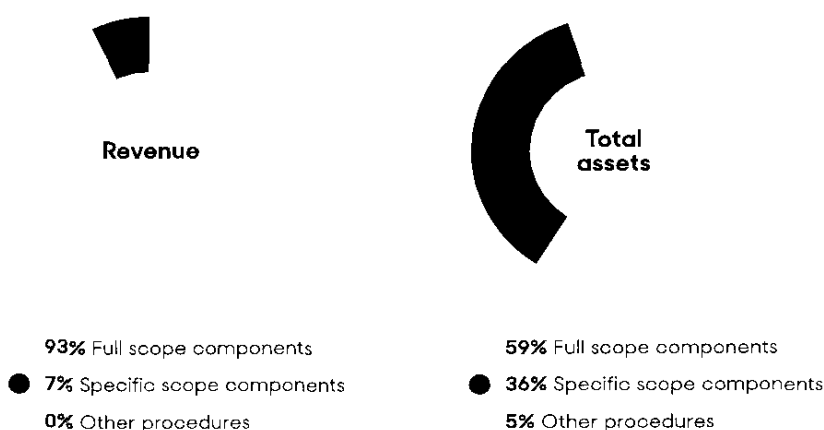
The net profit of the Group is split between 7 profit making entities of £5.6m and 8 (1 nil profit) loss making entities of £3.2m. We performed procedures

on 2 full scope components, 4 specific scope and 1 specified procedure which accounted for 100% of the profit and procedures on 1 full scope component and 5 specific scope components which accounted for 98% of the loss-making entities.

The reporting components where we performed audit procedures accounted for 100% (2018: 97%) of the Group's Revenue and 95% (2017: 63%) of the Group's Total assets. For the current year, the full scope components contributed 93% (2017: 95%) of the Group's Revenue used to calculate materiality, and 59% (2018: 58%) of the Group's Total assets. The specific scope components contributed 7% (2018: 6%) of the Group's Revenue used to calculate materiality and 36% (2018: 23%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group. The 9 components were instructed to perform specific procedures over certain aspects of fixed asset verification, WIP valuation and current assets held for sale valuation.

The remaining 2 component represented 0% of the Group's Revenue. For this component, we performed other procedures, including analytical review and testing of intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year

No significant changes identified in relation to prior year scoping.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.0m million (2018: £0.9 million), which is 0.8% (2018: 0.8%) of Revenue. Up until 2016, Good Energy had a focus on revenue growth as their main strategic objective, during this time their profitability was fluctuating significantly. Although the Group has recently changed their focus to sustainable profit growth, based on the continued use by the group of revenue growth as a KPI and the prominence accorded to revenue by analysts in their reports we believe that it continues to be appropriate to base our determination of materiality on revenue. This is also consistent with the prior year audit.

We determined materiality for the Parent Company to be £0.3 million (2018: £0.2 million), which is 1.6% (2018: 1.6%) of Equity.

During the course of our audit, we reassessed initial materiality and updated it to reflect actual Revenue, having based our initial materiality on forecast Revenue.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2018: 50%) of our planning materiality, namely £0.5m (2018: £0.45m). We have set performance materiality at this percentage as our expectation, based on our understanding of the Group and the past history of misstatements, is that

the likelihood of material misstatement is higher.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.1m to £0.4m.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.05m (2018: £0.05m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1–87, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 86–87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Ernst & Young LLP

John Howarth
(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
3 June 2020

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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

		Note	2019 Underlying £000's	2019 Non- underlying items (note 7) £000's	2019 £000's	2018 Underlying £000's	2018 Non- underlying items £000's	2018 £000's
REVENUE		6	124,258	-	124,258	116,915	-	116,915
Cost of sales		6	(92,601)	-	(92,601)	(83,466)	-	(83,466)
GROSS PROFIT			31,657	-	31,657	33,449	-	33,449
Administrative expenses		7	(25,219)	(865)	(26,084)	(26,800)	-	(26,800)
OPERATING PROFIT		7	6,438	(865)	5,573	6,649	-	6,649
Finance income		11	166	-	166	16	-	16
Finance costs		12	(4,439)	-	(4,439)	(4,361)	-	(4,361)
Share of loss of associate		19	(42)	-	(42)	-	-	-
PROFIT BEFORE TAX		6	2,123	(865)	1,258	2,304	-	2,304
Taxation		13	(206)	164	(42)	(660)	-	(660)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS			1,917	(701)	1,216	1,644	-	1,644
(Loss) from discontinued operations, before tax		6	(930)	-	(930)	(687)	-	(687)
Taxation on discontinued operations		13	(32)	-	(32)	(56)	-	(56)
PROFIT FOR THE PERIOD			955	(701)	254	901	-	901
OTHER COMPREHENSIVE INCOME:								
Other comprehensive income for the year, net of tax			-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			955	(701)	254	901	-	901
Earnings per share	Basic	14	5.9p	(4.3p)	1.6p	5.6p	-	5.6p
	Diluted	14	5.7p	(4.2p)	1.5p	5.5p	-	5.5p
Earnings per share (continuing operations)	Basic	14	11.8p	(4.3p)	7.5p	10.2p	-	10.2p
	Diluted	14	11.4p	(4.2p)	7.2p	10.0p	-	10.0p

The notes on pages 106 to 168 form part of these financial statements.

Consolidated Statement of Financial Position

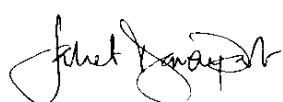
As at 31 December 2019

Company registered no: 04000623

	Note	2019 £000's	2018 £000's
Non-current assets			
Property, plant and equipment	15	46,326	50,351
Right of use assets	16	6,483	-
Intangible assets	17	4,454	3,586
Restricted deposit accounts	3	4,548	4,166
Equity investment in associate	19	426	-
Other interests in associate	19	615	-
Total non-current assets		62,852	58,103
Current assets			
Inventories	20	9,941	8,580
Trade and other receivables	21	29,430	29,796
Restricted deposit accounts	3	474	-
Cash and cash equivalents	22	13,667	15,662
Disposal groups held for sale	23	-	6,649
Total current assets		53,512	60,687
TOTAL ASSETS		116,364	118,790
Equity and liabilities			
Capital and reserves			
Called up share capital	24	832	829
Share premium account	24	12,790	12,719
Employee Benefit Trust shares	24	(549)	(810)
Retained earnings		5,707	6,088
Total equity attributable to members of the Parent Company		18,780	18,826

Non-current liabilities			
Deferred taxation	25	903	927
Borrowings	26	56,744	54,464
Provisions for liabilities	28	1,294	1,446
Long term financial liabilities	19	39	-
Total non-current liabilities		58,980	56,837
Current liabilities			
Borrowings and other financial liabilities	26	3,057	6,263
Trade and other payables	29	35,487	36,864
Short term financial liabilities	19	60	-
Total current liabilities		38,604	43,127
Total liabilities		97,584	99,964
TOTAL EQUITY AND LIABILITIES		116,364	118,790

The financial statements on pages 97 to 168 were approved by the Board of Directors on 3 June 2020 and signed on its behalf by:



Juliet Davenport

Chief Executive
3 June 2020

The notes on pages 106 to 168 form part of these financial statements.

Parent Company Statement of Financial Position

As at 31 December 2019

Company registered no: 04000623

	Note	2019 £000's	2018 £000's
Non-current assets			
Property, plant and equipment		-	241
Right of use assets		47	-
Intangible assets		2	6
Deferred taxation		232	-
Equity investment in associate	19	426	-
Other investment in associate	19	615	-
Investments	18	29,160	35,247
Total non-current assets		30,482	35,494
Current assets			
Trade and other receivables	21	98	920
Amounts due from other group companies		3,500	5,000
Deferred taxation		-	32
Cash and cash equivalents	22	5,603	309
Total current assets		9,201	6,261
TOTAL ASSETS		39,683	41,755
Equity and Liabilities			
Capital and reserves			
Share capital	24	832	829
Share premium account	24	12,790	12,719
Employee Benefit Trust shares	24	(549)	(804)
Retained Earnings		1,671	3,862
Total Equity		14,744	16,606

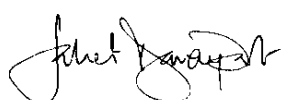
Non-current liabilities

Long term financial liabilities	19	39	-
Borrowings	26	16,790	17,275
Total non-current liabilities		16,829	17,275

Current liabilities

Borrowings and other financial liabilities	26	7,802	7,534
Trade and other payables	29	248	340
Short term financial liabilities	19	60	-
Total current liabilities		8,110	7,874
Total liabilities		24,939	25,149
TOTAL EQUITY AND LIABILITIES		39,683	41,755

The Parent Company's loss for the financial year was £1,554,978 (2018: gain of £305,059). The financial statements on pages 97 to 168 were approved by the Board of Directors on 3 June 2020 and signed on its behalf by:



Juliet Davenport

Chief Executive
3 June 2020

The notes on pages 106 to 168 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Called up share capital	Share premium account	EBT shares	Retained earnings	Total equity
		£000's	£000's	£000's	£000's	£000's
At 1 January 2018		826	12,652	(946)	5,553	18,085
Profit for the year		-	-	-	901	901
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	901	901
Share based payments	32	-	-	-	358	358
Tax charge relating to share option scheme	25	-	-	-	(65)	(65)
Issue of ordinary shares	24	3	67	-	-	70
Exercise of options	32	-	-	136	(127)	9
Dividend paid	30	-	-	-	(532)	(532)
Total contributions by and distributions to owners of the parent, recognised directly in equity		3	67	136	(366)	(160)
At 31 December 2018		829	12,719	(810)	6,088	18,826
At 1 January 2019		829	12,719	(810)	6,088	18,826
Profit for the year		-	-	-	254	254
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	254	254
Share based payments	32	-	-	-	81	81
Exercise of options	32	-	-	261	(132)	129
Dividend paid	30	3	71	-	(584)	(510)
Total contributions by and distributions to owners of the parent, recognised directly in equity		3	71	261	(635)	(300)
At 31 December 2019		832	12,790	(549)	5,707	18,780

The notes on pages 106 to 168 form part of these financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Share capital	Share premium account	EBT shares	Retained earnings	Total equity
		£000's	£000's	£000's	£000's	£000's
At 1 January 2018		826	12,652	(946)	3,858	16,390
Profit for the year and total comprehensive income		-	-	-	305	305
Share based payments	32	-	-	-	358	358
Issue of ordinary shares	24	3	67	-	-	70
Exercise of options	32	-	-	142	(127)	15
Dividend paid	30	-	-	-	(532)	(532)
At 31 December 2018		829	12,719	(804)	3,862	16,606
At 1 January 2019		829	12,719	(804)	3,862	16,606
Loss for the year and total comprehensive income		-	-	-	(1,555)	(1,555)
Share based payments	32	-	-	-	81	81
Exercise of options	32	-	-	255	(133)	122
Dividend paid	30	3	71	-	(584)	(510)
At 31 December 2019		832	12,790	(549)	1,671	14,744

The notes on pages 106 to 168 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 £000's	2018 £000's
Cash flows from operating activities			
Cash generated from operations	31	8,146	18,069
Finance income		59	16
Finance cost		(4,090)	(4,156)
Income tax received		-	66
Net cash flows generated from operating activities		4,115	13,995
Cash flows from investing activities			
Purchase of property, plant and equipment		(112)	(326)
Purchase of intangible fixed assets	17	(1,834)	(1,287)
Disposal of assets	5	5,037	-
Deposits into restricted accounts		(857)	(946)
Equity investment in associate	19	(277)	-
Other investment in associate	19	(600)	-
Net cash flows generated/(used) from/(in) investing activities		1,357	(2,559)
Cash flows from financing activities			
Payments of dividends	30	(510)	(462)
Proceeds from borrowings		-	-
Repayment of borrowings		(6,311)	(8,655)
Capital repayments of leases		(769)	(447)
Proceeds from issue of shares		-	70
Proceeds from sale of share options		123	-
Net cash flows used in financing activities		(7,467)	(9,494)
Net (decrease)/increase in cash and cash equivalents		(1,995)	1,942
Cash and cash equivalents at beginning of year		15,662	13,720
Cash and cash equivalents at end of year		13,667	15,662

The notes on pages 106 to 168 form part of these financial statements.

Parent Company Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 £000's	2018 £000's
Cash flows from operating activities			
Cash used in operations	31	(2,025)	(3,641)
Finance income		2	-
Finance cost		(789)	(1,137)
Corporation tax		-	(32)
Net cash flows used in operating activities		(2,812)	(4,810)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Purchase of intangible fixed assets		-	(6)
Disposal of assets	5	5,423	-
Equity investment in associate	19	(277)	-
Other investment in associate	19	(600)	-
Net cash flows generated/(used) from/(in) investing activities		4,546	(6)
Cash flows from financing activities			
Payment of dividends	30	(510)	(462)
Cash dividend received		5,000	-
Repayment of borrowings		(3,625)	(4,635)
Proceeds from intercompany loans		2,983	10,386
Repayments of intercompany loans		-	(355)
Capital repayments of leases liabilities		(411)	(447)
Proceeds from the exercise of share options		123	70
Net cash generated from financing activities		3,560	4,557
Net increase/(decrease) in cash and cash equivalents		5,294	(259)
Cash and cash equivalents at beginning of year		309	568
Cash and cash equivalents at end of year		5,603	309

The notes on pages 106 to 168 form part of these financial statements.

Notes to the Financial Statements

1. General Information

Good Energy Group PLC ("the Company") is listed on the Alternative Investment Market of the London Stock Exchange, is incorporated in England and Wales and domiciled in the United Kingdom. The Group's shares are publicly traded. The registered office is located at Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE, United Kingdom.

The ultimate parent of the Group is Good Energy Group PLC. There is no ultimate controlling party of the Group.

The principal activities of Good Energy Group PLC are those of a holding and management company to the Group and a lender to, and seller of, generation development sites.

The principal activities of its subsidiaries include the purchase, generation and sale of electricity from renewable sources, as well as the sale of gas and services relating to micro-renewable generation.

The purpose of the Annual Report and Financial Statements is to provide information to members of the Company and its subsidiaries (together "the Group"). It contains certain forward looking statements relating to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can differ from those anticipated. Nothing in the Annual Report and Financial Statements should be construed as a profit forecast.

These financial statements are presented in pounds sterling, which is the functional currency and presentational currency of the Group, as this is the currency of the primary environment in which the Group operates. All values are rounded to the nearest thousand (£000), except where otherwise indicated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Summary of Significant Accounting Policies

2.1 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 IFRS Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention or historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS 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 financial year.

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 judgements, 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 note 4, and in the following accounting policy notes: revenue recognition (2.5), property, plant and equipment (2.6), leases (2.7), inventories (2.11) and credit risk (3.1.3).

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Going concern

The financial statements have been prepared on the going concern basis, with material uncertainty, as the Directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period. However, with the current outbreak of COVID 19 in the UK, there is uncertainty over lockdown periods and economic conditions which cause decreases in electricity consumption and decreases the ability for customers to pay debts as they fall due. This uncertainty means the Group may be unable to fully repay its bondholders if this becomes due on June 2021 and may mean the Group breaches its counterparty covenant.

The Group is actively monitoring the impact of COVID-19 on its business and has put in place a number of mitigations to minimise the impact. The Group has been working with a variety of stakeholders to ensure our UK focused business is well placed to respond. The implementation of our new customer technology platform is progressing as planned which provides us with future flexibility to operate and deliver all services to customers. We now have our full business of just under 300 people successfully working remotely. All core business functions including customer care are functioning as expected although we are needing to make adjustments, such as encouraging substantial self-serve on meter reading etc, given those third-party face to face operations are being substantially curtailed.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.3 Going concern (continued)

The operation of generation sites has been unaffected during the lockdown period. Sites can operate without human intervention, and contractors have been able to attend site for any required maintenance as they are exempt from travel restrictions due to utilities being an essential service. While it is difficult to forecast the impact of COVID 19, the Group's day-to-day operations continue without being materially affected.

Early indications have shown a 10-15% increase in demand for domestic electricity and gas with domestic customers accounting for approximately 55% of Good Energy's supply cash flow. We have seen a reduction of approximately 25% in electricity demand from our business customers. Business customers account for approximately 45% of Good Energy's supply cash flow. We have currently seen no deterioration in direct debit or pay on receipt of bill cash receipts from customers since the start of the COVID-19. However, as the lockdown period continues, and an economic downturn commences we are expecting an impact on business and domestic customers' ability to pay for energy usage.

The Group has spent considerable time assessing the potential impacts that COVID-19 could have on our operations. This assessment has taken in to account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure, and potential reductions in revenues resulting from the economic impact on domestic and business customers due to lockdown and an expected economic downturn. It also assumes that there are no overdraft or additional loan facilities in place.

The Group has long standing and well operated trading relationships with a number of counterparties, the majority of which contain an agreement that the Group's Tangible Net Worth (defined as paid up shareholder cash contributions plus retained earnings) should not decrease by more than 25% over a 12 month period or fall to below a certain level. Tangible Net Worth covenants are tested annually on publication of audited financial statements. Breach of this financial covenant allows counterparties, if they so decide, to request additional financial support (which may be in the form of a parent company guarantee, letter of credit or other financial security). The counterparty may terminate the contract if appropriate additional financial security is not provided, if requested, within a timely manner. The value at risk with counterparties based upon current commodity contracts and current market prices is estimated at approximately £2m.

The group's borrowings with GCP, amounting to £33.8m, contains two covenants being a debt service cover ratio and a loan life cover ratio specifically associated with the generation assets. Compliance with these covenants is based on generation prices and volumes, which the Board has concluded are not materially affected by COVID-19.

The Board has considered a Downside Case which assumes the reduced energy usage during a lockdown period of four months, assumes that 10% of domestic customers and 25% of business customers make no payments during this period, that 30% of these debts are not subsequently collected within a twelve-month period and that 50% of bondholders elect to redeem their bonds in June 2021. The Downside Case indicates that the Company is compliant with the counterparty covenant test and able to operate for twelve months from the date of approval of the Annual Report and Accounts.

Given the uncertainty over the lockdown period and collection rates, this has been sensitised under a plausible reverse cash stress test such that the lockdown period extends to six months, that 30% of domestic customers and 40% of business customers make no payments during this period, that 50% of these debts are not subsequently collected and that 100% of bondholders elect to redeem their bonds. Under this scenario, the Group would have sufficient cash to repay the bond in full in June 2021, with nil cash balance remaining, and would be compliant with its counterparty covenant.

It is plausible that lockdown periods in the going concern period are over a period of longer than six months, or the impacts on cash collection is worse than the scenarios above. If either of these were the case in addition to the reverse cash stress test scenario, the Group would breach its counterparty covenant and/or would have insufficient cash to repay the bond in full in June 2021.

The Directors are confident that further mitigating actions could be taken by inception of new banking facilities, the sale of generation sites, issuing new equity or ensuring a waiver from the counterparty covenant breach. However at this point, these plans, whilst under contemplation by the Board, are not in place and therefore the risk of not being able to mitigate the liquidity risk including the breach of the counterparty covenant represent material uncertainty that may cast doubt over the Group's ability to continue to apply the going concern basis of accounting.

Notwithstanding the material uncertainty described above, after making enquiries and assessing the progress against forecast, projections and status of the mitigating actions referred to above, the Directors have a reasonable expectation that the Group will continue in operation and meets its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.4 Change in accounting policies and disclosures

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but are not considered to have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases, along with three Interpretations: IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. As a lessee, the adoption of this standard requires the Group to recognise a right-of-use asset and a related lease liability on the Statement of Financial Position. The Group has no leasing activities as a lessor. The standard provides specific transition requirements and practical expedients, which have been applied by the Group as detailed below.

The Group adopted IFRS 16 using the modified retrospective approach, with the date of initial application of 1 January 2019. Under this approach, the standard is applied retrospectively, with any cumulative effect of initially adopting IFRS 16 being recognised within equity as an adjustment to the opening balance of retained earnings for the current period.

For the Group however, there was no impact on opening retained earnings, as the right-of-use assets in respect of newly recognised leases under IFRS 16 were recognised at an amount equal to the lease liabilities, adjusted for any accrued or prepaid lease payments. For existing leases, the net book values as at 1 January 2019 were reclassified from property, plant and equipment to right-of-use assets on transition to IFRS 16. Comparatives have not been restated as permitted under the specific transition provisions within the standard.

Upon adoption, the Group applied a single recognition and measurement approach for all leases, with the exception of those identified as low-value, or as having a remaining lease term of less than 12 months from the date of initial application. This approach will continue to be applied in respect of all subsequent leases.

Please refer to note 2.7.2 for the accounting policy for leases beginning from 1 January 2019.

Additionally, the Group elected to use the transition practical expedient available to not reassess whether a contract is, or contains, a lease as at 1 January 2019. Therefore, the Group has applied the standard to contracts that were previously identified as leases under IAS 17 and IFRIC 4 as at 1 January 2019.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.4 Change in accounting policies and disclosures (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

- Right-of-use assets with a net book value of £7,636,000 were recognised and presented separately in the Statement of Financial Position. This comprises:
 - (a) lease assets recognised previously under finance leases with a net book value of £241,000 reclassified from property, plant and equipment;
 - (b) lease assets recognised previously under finance leases with a net book value of £511,000 reclassified from property, intangible assets, and
 - (c) decommissioning provisions related to the right-of-use assets with a net book value of £1,200,000, also reclassified from property, plant and equipment.
- Newly recognised right-of-use assets on transition to IFRS 16 of £5,684,000.
- Additional lease liabilities of £5,684,000 were recognised within borrowings.

Lease liabilities in respect of finance leases existing prior to the implementation of IFRS 16 amounted to £126,000 as at 1 January 2019.

For the year ended 31 December 2019:

- The depreciation expense increased due to the depreciation/amortisation of additional assets recognised (being the increase in right-of-use assets, net of the decrease in property, plant and equipment). This resulted in increases in cost of sales and administrative expenses of £202,000 and £388,000 respectively.
- The rent expense included within administration expenses relating to previous operating leases decreased by £729,000.
- Finance costs increased by £370,000, relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by £359,000 relating to lease payments in respect of previous operating leases. Cash outflows from financing activities increased by the same amount as a result, relating to the principal element of lease payments related to these new leases recognised under IFRS 16 as at 1 January 2019.

The Group has lease contracts for the access to, and use of, land on which its generation assets are located, office buildings, other equipment (including printers, laptops and coffee and water machines) and other IT equipment. Prior to the adoption of IFRS 16, the Group classified each of these leases (as a lessee) as either a finance lease or an operating lease.

Please refer to note 2.7.1 for the accounting policy for leases prior to 1 January 2019.

For leases previously classified as finance leases, the Group did not change the initial carrying value of the assets and liabilities previously recognised at the date of initial application.

Consequently, the carrying values of the right-of-use assets and lease liabilities as at 1 January 2019 equal the carrying values immediately before this date, as recognised under IAS 17. The requirements of IFRS 16 were therefore applied to these leases from 1 January 2019.

For leases previously accounted for as operating leases, the following have been applied by the Group:

- For leases identified as low value, or as short-term (i.e. having a remaining lease term of less than 12 months from the date of initial application), the Group has elected to apply the recognition exemption and practical expedient to not recognise right-of-use assets. Instead, the lease expense will be accounted for on a straight-line basis over the remaining lease term and recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.4 Change in accounting policies and disclosures (continued)

- For those leases not identified as low value or short-term, the Group recognised right-of-use assets and lease liabilities. The right-of-use assets were recognised at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments that existed at the date of initial application.

The lease liabilities were recognised based on the present value of the lease payments which remain unpaid at the date of initial application, discounted using the incremental borrowing rate at that same date.

In applying IFRS 16 for the first time, the Group elected to use the following practical expedients as permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Reliance upon its historical assessment of whether leases are onerous immediately before the date of initial application, eliminating the need to perform an impairment review under IAS 36 Impairment of Assets, on the right-of-use assets recognised.
- Application of the short-term lease exemptions to leases with a lease term ending within 12 months of the date of initial application.
- Exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- Use of hindsight in determining the lease term, when considering options to extend or terminate the lease.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised was 6.51%, as a result of a range of incremental borrowing rates used from between 4.75% and 7.15%.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

	£000's
Operating lease commitments as at 31 December 2018	8,874
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	(3)
Lease commitments in respect of generation site sold during the year	(895)
Reassessments of lease terms, and RPI increases on transition to IFRS 16	(96)
	7,880
Minimum lease payments on finance lease liabilities (notional amount) as at 31 December 2018	126
Gross lease liabilities as at 1 January 2019	8,006
Effect of changes in lease payments and terms	3,695
Effects of discounting	(5,891)
Net lease liabilities as at 1 January 2019	5,810

The operating lease commitments at 31 December 2018 did not include the effect of minimum increases in lease payments. The lease payments have been corrected in the adoption of the new standard to reflect the

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.4 Change in accounting policies and disclosures (continued)

contractual minimum uplift in annual lease payments. Additionally, in the year the lease terms of the Group's two offices were reassessed for the plans to relocate our offices, these lease terms have therefore been updated from those used in the prior year calculation of operating lease commitments.

The disclosures in respect of leases can be found per note 16.

2.5 Revenue recognition

The Group is in the business of providing supplies of electricity and gas, the generation of power, the sale of generation development sites, as well as Feed-in-Tariff (FIT) administration services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the FIT administration services below, because it typically controls the goods or services before transferring to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in notes 4.1.1 and 4.2.1.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group recognises contract liabilities when customers are in a credit position.

2.5.1 Power supply

Revenue for the supply of electricity is accrued based on industry data flows and National Grid data. Revenue calculated from energy sales includes an estimate of the quantity in units of electricity or gas supplied to customers by profile class in the 12 months preceding the end of the period, and an estimate of the average sales price per unit, and standing charge.

15% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption. The estimate is made using historical consumption patterns, industry estimated consumption rates, and takes into consideration industry reconciliation processes, upon which the Group takes a prudent position until final reconciliation data is available from the industry 14 months after the supply date.

Unbilled revenue is superseded when customer meter reads are received; at which point estimates are adjusted to actual usage. Transaction price is explicitly stated per unit and per day. Unbilled revenue is estimated using the most likely outcome approach.

For gas, revenue is accrued based on information received from the Group's gas shipper, Contract Natural Gas Limited, which includes details of all the sites held, their estimated annual quantities of gas used adjusted by a pre-determined weather correction factor. This information is subsequently adjusted and invoiced based on customer and industry meter reads. Transaction price is explicitly stated per unit and per day.

Revenue is recognised over time as the electricity or gas is delivered to the customer. The transaction price is clearly stated, there are no separate performance obligations to which a portion of the transaction price needs to be allocated, and there is no variable consideration. Discounts are given to 100% of customers who meet certain criteria, and a provision is built up monthly to account for these, offsetting against revenue over time as the discount is incurred, which is in line with IFRS 15 Revenue from Contracts with Customers.

For electricity and gas supply, payment is collected either as a direct debit or paid on receipt of bill in arrears. Overdue amounts are reviewed regularly for impairment and provision made as necessary. No refunds, returns or warranties are applicable.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.5 Revenue recognition (continued)

2.5.2 Feed-in-Tariff (FiT) revenue

Some of the generation sites receive FiT subsidy revenue from OFGEM. The FiT scheme (introduced in April 2010) is a government scheme designed to promote the uptake of renewable generation technologies. FiT payments are received quarterly for the electricity that the generating asset has generated and exported in the period, based on meter readings supplied. This is a single performance obligation (to generate renewable electricity) and the transaction price is explicitly set out per unit of electricity generated. The performance obligation is satisfied immediately when the power is generated. Payment is received from OFGEM approximately 45 days after the end of the period of generation. No refunds, returns or warranties are applicable.

2.5.3 Feed-in-Tariff (FiT) administration services

The Group provides FiT administration services to micro-generators who are signed up to the FiT scheme. For FiT services, revenue is earned from OFGEM for administering the scheme, which is deemed to be the transaction price. For FiT services, revenue is recognised in two parts: there is an initial fee paid by OFGEM for taking on a generator, and then an ongoing amount that is received annually for provision of FiT services.

The initial fee is spread over the period from when the customer signs up with Good Energy until the following April, when the FiT compliance year ends for a new customer, and the ongoing fee that is received is spread over the 12 month compliance period. No refunds, returns or warranties are applicable.

2.5.4 Renewable Obligation Certificates (ROCs) revenue recognition

ROCs are awarded to the Group from OFGEM based on generation of power. These ROCs are sold on receipt of certificates from OFGEM allowing transfer of title. ROC revenue is deemed to be subsidy revenue rather than revenue from contracts with customers.

The amount of revenue recognised on sale is in accordance with a contractual agreement where the pricing is based on OFGEM's minimum ROC value (the buy-out) and a prudent estimate of the re-cycle element of the final value of a ROC once all energy suppliers have complied or paid the penalty for non-compliance with the renewables obligation (the recycle). A final adjustment to ROC revenue and profit is recognised once OFGEM have announced the final out-turn ROC price, but this is not accounted for in advance of the receipt of the final out-turn price as the transaction price is not measurable. The amount receivable is a contingent asset.

The performance obligation is satisfied when the power is generated as this ensures the certificates are generated by OFGEM. There is a three-month delay from generation to invoice, and payment is made 5 days after receipt of the invoice. No refunds, returns or warranties are applicable.

2.5.5 Power generation revenue

Revenue is generated when the wind or solar asset produced power that is sold to Good Energy Limited through a Power Purchase Agreement at an arms length fixed price per MWh, which is the transaction price. The performance obligation is satisfied at a point in time; immediately when the power is generated. Payment is made no more than one month after the delivery month of the power ends. No refunds, returns or warranties are applicable.

2.5.6 Generation development site revenue recognition

Revenue is recognised in the date that control is passed, based on the sale and purchase agreement pertaining to each site sold.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

The Group recognises part of an asset when that cost is incurred, if the recognition criteria are satisfied. The carrying amount of the replaced part is derecognised. All other repaid and maintenance costs are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, less any estimated residual value, on the following bases:

Fixtures, fittings and equipment	between 3 and 5 years
Leasehold improvements	over the life of the lease
Generation assets	between 20 and 29 years
Assets under construction	not depreciated

Depreciation of property, plant and equipment is included in the Consolidated Statement of Comprehensive Income in those expense categories consistent with the function of the asset.

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date on which the recipient obtains control), or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (being the difference between the carrying amount of the asset and the net disposal proceeds) is included in profit or loss, upon derecognition.

2.6.1 Impairment of property, plant and equipment (including right-of-use assets)

The useful economic lives of assets and their residual values are reviewed on an annual basis and revised where considered appropriate.

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in carrying value is charged to the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset, and is recognised in the period in which it occurs.

2.7 Leases (the Group as a lessee)

2.7.1 Leases prior to 1 January 2019

Assets financed by leasing agreements that give rights approximating to ownership (finance leases) are capitalised at their fair value and depreciation or amortisation is provided over the lower of the useful life and term of the lease. The capital elements of future obligations under finance leases are included as liabilities in the Statement of Financial Position and the current year's interest element, having been allocated to financial periods to give a constant periodic rate of charge on the outstanding liability, is charged to the Statement of Comprehensive Income.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

2.7.2 Leases with effect from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group performs an assessment at the inception of a contract to determine whether the contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration".

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.7 Leases (the Group as a lessee) (continued)

The Group applies a single recognition and measurement approach for all leases, with the exception of those which are short-term, or which comprise low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

At the lease commencement date (i.e. the date on which the underlying asset is made available for use), the Group recognises a right-of-use asset on the Statement of Financial Position. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use asset comprises:

- the initial measurement of the lease liability,
- any initial direct costs incurred by the Group,
- an estimate of any costs required to dismantle or remove the asset at the end of the lease, and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the estimated useful life of the right-of-use assets and the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group classifies its right-of-use assets in a manner consistent with that of its property, plant and equipment, which includes the application of the same estimated useful life bases – please see note 2.6 for details.

The Group also assesses the right-of-use assets for impairment, when such indicators exist. Please refer to note 2.6.1 for the accounting policy in respect of impairment.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments included in the measurement of the lease liability include:

- fixed payments (including in-substance fixed payments) less any incentives receivable,
- variable lease payments that depend on an index or rate, and
- amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group, along with payments of penalties for termination of the lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which the event of condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the rate implicit in the lease is not readily determinable. Subsequent to initial measurement, the amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine the lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.7 Leases (the Group as a lessee) (continued)

In the Statement of Financial Position, the Group's lease liabilities are included within borrowings (please refer to note 26).

(c) Short-term leases and leases of low value assets

The Group has elected to apply the recognition exemption in respect of short-term leases (i.e. those which have a lease term of 12 months from the lease commencement date, and do not contain a purchase option), as well as the recognition exemption applicable to leases of assets that are considered to be low value.

Instead of recognising a right-of-use asset and lease liability, lease payments in relation to these are recognised as an expense in the Statement of Comprehensive Income, on a straight-line basis over the lease term.

2.8 Goodwill, intangible assets and amortisation

Goodwill is measured as the difference between:

- the aggregate of:
 - (i) the value of consideration transferred (generally at fair value),
 - (ii) the amount of any non-controlling interest, and
 - (iii) the in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.8.1 Definite life intangible assets

Definite life intangible assets comprise software licences and website development costs, which meet the criteria of IAS 38 Intangible Assets, and are carried at cost less accumulated amortisation and impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs, where relevant.

2.8.2 Indefinite life intangible assets

Indefinite life intangible assets comprise goodwill and the power supply licence. The power supply licence is held as an indefinite life intangible asset according to the criteria of IAS 38 Intangible Assets, and is carried at cost less accumulated impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs, where relevant.

2.8.3 Amortisation

Amortisation on definite life intangible assets is charged to the Consolidated Statement of Comprehensive Income (included within administrative expenses) on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful lives for intangible assets with definite lives are as follows:

Software licenses	between 3 and 10 years
Website development costs	between 2 and 5 years
Assets under the course of development	not amortised

An intangible asset is derecognised upon disposal (i.e. at the date on which the recipient obtains control), or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (being the difference between the carrying amount of the asset and the net disposal proceeds) is included in profit or loss, upon derecognition.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.8 Goodwill, intangible assets and amortisation (continued)

2.8.4 Impairment of intangible assets

The Directors regularly review intangible assets for impairment and provision is made if necessary. Assets with indefinite useful lives are not subject to amortisation, therefore are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance 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. Any impairment in carrying value is charged to the Statement of Comprehensive Income within administrative expenses and is recognised in the period in which it occurs.

2.9 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as "the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies".

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Generally, there is a presumption that a holding of 20% or more of the voting power of the investee results in significant influence.

To support this presumption – and when the Group has less than a 20% holding – the Group considers all relevant facts and circumstances in assessing whether it has significant influence, including:

- Representation on the Board of Directors or equivalent governing body of the investee.
- Participation in policy making processes.
- The interchange of managerial personnel.

The Group reassesses whether or not there is significant influence over an investee if facts and circumstances indicate that there are one or more changes to the above.

The Group's investments in associates are accounted for using the equity method. Under this method, the investment in the associate is initially recognised at cost. Subsequent movements in the carrying value of the investment are accounted for by realising the Group's share of the associate's profit or loss since the acquisition date, as well as any fair value movements in the associate's net assets.

Gains or losses from the associate's operating activities are recognised in the Consolidated Statement of Comprehensive Income, outside of operating profit. Any changes in OCI of the associate is presented as part of the Group's OCI.

Goodwill relating to the associate is included in the carrying value of the investment, and is not separately tested for impairment. Rather, the entire carrying amount of the investment is tested for impairment.

2.9.1 Impairment of investments in associates

The Group recognises an impairment loss if, and only if, there is a triggering event giving rise to objective evidence that the associate is impaired, and that the triggering event has an impact on the future estimated cash flows from the net investment that can be reliably estimated. Where such evidence exists, the Group calculates the amount of the impairment as the difference between the recoverable amount of the investment (being the higher of its value in use and its fair value less costs to sell) and its carrying value.

Any impairment is recognised within the "Share of Profit of Associate" line in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.10 Investments in subsidiaries

The Parent Company holds investments in subsidiary companies and these are accounted for at cost less impairment in the Parent Company financial statements only.

2.11 Inventories

2.11.1 Renewable Obligation Certificates (ROCs)

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 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, a subsidiary company, supplies electricity sourced entirely from renewable generation over a 12 month period, its percentage obligation to submit ROCs is set by OFGEM. The cost obligation is recognised as electricity is supplied and charged as a cost of sale in the Consolidated Statement of Comprehensive Income. Any gains or losses on disposal of ROCs which are in excess of the Group's compliance obligations are included as an adjustment to the compliance cost included within cost of sales. ROCs are valued at the lower of purchase cost and estimated realisable value.

2.11.2 Carbon Offset Instruments

Carbon Offset Instruments are used by the Group to offset emissions generated by gas supply, as part of the Group's green gas offering. These instruments are recognised as inventory at the lower of cost and net realisable value.

2.12 Financial instruments

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

Financial instruments recognised on the Consolidated Statement of Financial Position include: cash and cash equivalents, trade receivables, trade payables, borrowings, and financial assets and financial liabilities at fair value through profit and loss.

Financial assets and liabilities are recognised on the Consolidated Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

2.12.1 Financial assets at amortised cost

The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are solely payments of principal and interest. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less allowances for expected credit losses (ECLs). These are held in a business model which intends to hold the financial assets to collect the contractual cash flows rather than through sale. Trade receivables are shown inclusive of unbilled amounts to customers.

The Group recognises an allowance for ECLs for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.12 Financial instruments (continued)

2.12.1 Financial assets at amortised cost (continued)

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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.

Restricted deposits are held by financing providers to cover debt service and maintenance expenses on generation sites to which the funding relates.

Short-term security deposits are held by trading exchanges to cover short-term electricity trades.

2.12.2 Financial assets and financial liabilities at fair value through profit or loss (FVTPL) and equity instruments

Financial instruments at fair value through profit or loss comprise financial assets consisting of secured convertible loan stock, and financial liabilities consisting of contingent consideration.

Both financial assets and financial liabilities at FVTPL are initially recognised at fair value in the Statement of Financial Position. Any fair value gains and losses on subsequent remeasurement are recognised directly in profit or loss.

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 Group after deducting all of its liabilities.

Details of the fair value estimation attributable to financial instruments at FVTPL can be found per note 3.3.

2.12.3 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

2.12.4 Borrowings

The Group expenses borrowing costs over the term of the loan facility. 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. Details of the Group's borrowings are included in note 26.

2.13 Disposal groups held for sale

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is highly probable. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. They are not depreciated or amortised.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.14 Current and deferred taxation

The tax charge or credit included in the Consolidated Statement of Comprehensive Income for the period comprises current and deferred tax. Current and deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised within equity.

Current tax is the expected tax payable or receivable based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes items of income or expense that are taxable or deductible in other years, and it further excludes permanent differences (i.e. items that are never taxable or deductible).

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the expected tax payable or recoverable on temporary differences which arise 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 provided for using the liability method. Deferred tax liabilities are generally 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 except where the Group 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.

The carrying amount of deferred tax assets is reviewed at the end of each financial 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 based on tax rates and tax laws that are expected to apply in the period when the asset is realised or the liability is settled.

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. The Group intends to settle its current tax assets and current tax liabilities on a net basis.

2.15 Decommissioning costs

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove the generation assets and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciated amount is then depreciated prospectively over its useful economic life. The unwinding of the discount on the decommissioning provision is included in the Consolidated Statement of Comprehensive Income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.16 Share-based payments

The Group applies IFRS 2 to share-based payments. The Group operates a share-based payment compensation plan, under which the entity grants key employees the option to purchase shares in the Company at a specified price maintained for a certain duration.

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each financial period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

When the options are exercised, and the Group issues new shares to meet that obligation, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Pensions

The Group operates a defined contribution pension scheme. Under this scheme the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. The pension charge for the year represents the amounts payable by the Group in respect of the year.

2.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors review the Group's internal reporting in order to assess performance and allocate resources.

2.20 Finance income and finance costs

Finance income is received in respect of cash deposits and is recognised in the Statement of Comprehensive Income using the effective interest method. Finance costs comprise interest on external debt, finance lease interest costs and the amortisation of loan issue costs. Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.21 Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

Notes to the Financial Statements

3. Financial and Capital Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including currency risk, cash flow and fair value interest rate risk, and commodity price risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Group has cash resources available to it and prepares – in the operating entities of the Group – forecasts for the forthcoming year. In the Directors' opinion, these forecasts indicate that the Group will have sufficient resources to fund the continuation of trade.

The Group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

A maturity analysis of financial instruments based on contractual undiscounted cash flows is provided below:

Consolidated 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000's	£000's	£000's	£000's
Corporate bond	797	17,722	-	-
Borrowings	4,891	4,694	14,571	37,109
Lease liabilities	753	626	1,073	8,457
Trade and other payables	35,487	-	-	-
Total	41,928	23,042	15,644	45,566

Consolidated 31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000's	£000's	£000's	£000's
Corporate bond	4,180	832	17,491	-
Borrowings	5,164	4,893	14,300	41,321
Trade and other payables	37,084	-	-	-
Total	46,428	5,725	31,791	41,321

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.1 Financial risk factors (continued)

3.1.1 Liquidity risk (continued)

Parent 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000's	£000's	£000's	£000's
Corporate bond	797	17,722	-	-
Borrowings	49	-	-	-
Lease liabilities	29	27	7	-
Loans from group companies	7,330	-	-	-
Trade and other payables	248	-	-	-
Total	8,453	17,749	7	-

Parent 31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000's	£000's	£000's	£000's
Corporate bond	4,180	832	17,491	-
Borrowings	425	79	34	-
Loans from group companies	3,344	-	-	-
Trade and other payables	340	-	-	-
Total	8,289	911	17,525	-

Prior to the implementation of IFRS 16 Leases (with a date of initial application of 1 January 2019), lease liabilities relating to existing finance leases were included within borrowings (see note 26).

IFRS 16 requires that the maturity analysis of lease liabilities are disclosed separately from the maturity analyses of other financial liabilities. Due to the modified retrospective approach of implementation as adopted by the Group, comparatives have not been restated as permitted under the specific provisions within the standard. Further details around the implementation of IFRS 16 can be found per note 2.4.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.1 Financial risk factors (continued)

3.1.2 Market Risk

3.1.2a Currency risk

The Group is exposed to foreign exchange risk arising from certain generation asset maintenance contracts which are payable in euros. Management have set up a policy, that when it is deemed appropriate, the Group will forward buy euros against these contracts to reduce foreign exchange exposure. As at 31 December 2019, no euros (2018: no euros) were purchased forward. The annual exposure to sterling euro exchange rate movements is currently £4,600 per one percent movement in the exchange rate.

3.1.2b Cash flow and fair value interest rate risk

The financial risk is the risk to the Group's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. For short-term bank overdraft facilities, the Group does not use derivative instruments to reduce its exposure to interest rate fluctuations as the policy of the Group is not to rely on short-term borrowing facilities for any significant duration. The Directors use interest rate swaps if they consider their exposure to interest rate risk to be material. For long term borrowings, the Group may use interest rate swaps to fix the interest rate payable on these material balances in order to mitigate the risk of any fluctuations in interest rates.

3.1.2c Commodity price risk

The Group's operations result in exposure to fluctuations in energy prices. Management monitors energy prices and analyses supply and demand volumes to manage exposure to these risks. The Group typically buys power forwards in order to mitigate some of the risk of commodity price fluctuations.

If the wholesale market moves significantly upwards or downwards, the price risk to the Group will depend upon a number of factors including the excess or deficiency of power being supplied by renewable power purchase contracts in place at the time. The Group may be required to pass on the price risk to customers. Retail prices can be amended with 30 days' advance notification to customers. The Group closely monitors movements in the wholesale market and assesses trends, so it is ready to take necessary action when required.

Vertical integration of the Group helps further mitigate exposure to changes in power prices.

3.1.3 Credit risk

The Group's exposure to credit risk arises from its receivables from customers. At 31 December 2019 and 31 December 2018, the Group's trade and other receivables were classed as due within one year, details of which are included in note 21. The Group's policy is to undertake credit checks where appropriate on new customers and to provide for expected credit losses (ECLs) based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. Credit risk is also in part mitigated by the policy to offer direct debit as a preferred method of payment for customers. At the end of the reporting period the Directors have provided for specific expected credit losses and believe that there is no further credit risk.

Credit risk also arises from cash and cash equivalents, and deposits with banks and financial institutions. The Directors monitor the credit quality of the institutions used when considering which banks and financial institutions funds should be placed with.

The ECL model has been calculated in line with requirements under IFRS 9. The Group's trade receivables have no significant financing component, so the Group has used the simplified method for providing for these under IFRS 9. Therefore, the impairment loss is measured at lifetime ECL. Trade debtors have been segmented into categories of customer type and age, meaning the debt is split into categories with similar expected credit losses.

An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders, and to maintain an optimal capital structure.

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position, plus net debt. The capital structure of the Group is as follows:

	Note	2019	2018
		£000's	£000's
Total borrowings	26	59,801	60,727
Less: cash in restricted deposit accounts (non-current)		(4,548)	(4,166)
Less: cash in restricted deposit accounts (current)		(474)	-
Less: cash and cash equivalents	22	(13,667)	(15,662)
Net debt		41,112	40,899
Total equity		18,780	18,826
Total capital		59,892	59,725
Gearing ratio		68.6%	68.5%

During 2019 the Group's strategy (unchanged from 2017) was to seek debt funding at appropriate margins from lenders against long term power generation assets. These assets have highly predictable revenue streams and are considered stable for long-term borrowing. In future, in order to maintain or adjust its capital structure, the Group may restructure its debt, issue new shares or sell assets.

The Group's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 December 2019 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.

3.3 Fair value estimation

The Group measures certain financial instruments at fair value, at each reporting date. Fair value is defined as "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". The fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market available for the asset or liability, which must be accessible by the Group.

All financial assets and financial liabilities subject to measurement at fair value and disclosed within these financial statements are categorised within the fair value hierarchy, the levels of which are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.3 Fair value estimation (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included within Level 3.

As part of our overall financial review, we continue to monitor the fair value of all of our investments through both an understanding of the wider environment in addition to the underlying economics of all assets across the business.

The table below presents the Group's financial assets that are measured at fair value, by valuation method at 31 December 2019.

2019	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
Assets				
Fair value through profit or loss financial assets				
Other interests in associates	-	-	615	615
Total financial assets	-	-	615	615

2019	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
Liabilities				
Fair value through profit or loss financial liabilities				
Contingent consideration	-	-	99	99
Total financial liabilities	-	-	99	99

During the year, the Group recognised £614,920 of secured convertible loan stock granted to Next Green Cars Ltd, as well as contingent consideration of £99,000, as part of its investment in this business. Both the financial asset and financial liability have been defined as Level 3. Further details of this transaction are disclosed per note 19.

The financial assets are valued using the discounted cash flow methodology. This method involves the projection of cash flows received from the loan of interest and principal repayment. A discount rate derived from the Group's borrowing costs is applied to the cash flow series to establish the present value of the asset. Additionally given that this asset contains a convertible option, the Group has compared the discounted cash flow derived fair value with the value of the asset if converted to ensure that the valuation presented is true and fair. The specific timings and amounts of cash flows from the loan if not converted are contractual. Significant increases to the Group's cost of borrowing would result in a lower fair value of this asset.

The financial liabilities are valued based on the expected contractual cash outflow that would become payable upon satisfaction of the milestones set out in note 19, and the likelihood of cash outflows made with reference to the financial and product outlook of the Group's associate, Next Green Cars Ltd.

Following the initial recognition of the financial instruments above, there were no subsequent changes in, or transfers to or from, Level 3 instruments for the year ended 31 December 2019.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates

In the process of applying the Group's accounting policies, management has to make judgements and estimates that have a significant effect on the amounts recognised in the financial statements. These judgements and estimates are evaluated continually and are based on historical experience and other factors, including expectations of future events.

Given the nature of the estimates and judgements made, it is not appropriate to provide sensitivity analyses, unless explicitly stated otherwise. Actual results may differ from the initial judgement or estimate, and any subsequent changes are accounted for at a time when updated information becomes available.

The most critical of these accounting judgements and estimates are detailed below.

4.1 Judgements

4.1.1 Judgements over revenue from contracts with customers

The Group applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in contracts

Good Energy's revenues from contracts with customers include unit charges and standing charges for the supply of electricity and gas, operational generation site revenue, and FiT administration fees. Most of these performance obligations are easily identifiable and are separable.

For FiT administration revenue from customers who are new to the FiT scheme, Good Energy is required to both register and administer that customer for a year, and there is a higher administration payment from OFGEM as a result. Registering a customer to the FiT scheme and administering their account are not separable performance obligations, as there is no fee for registering and not administering the customer.

(b) Determining the timing and satisfaction of the services

Revenue for these services is to be recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Principal versus agent considerations

Contracts are entered into with customers to supply electricity and gas, which is a service delivered over time (as the customer consumes the electricity or gas), in which the Group is the principal.

FiT administration contracts are entered into with the customer, to supply administration services on behalf of OFGEM. The Group acts as an agent for OFGEM, not a principal, because the Group is not entitled to revenue from the customers' FiT sites, only the administration fee.

Payment normally takes place after performance by the Group; NHH customers with 15-day payment terms and HH customers with 30-day payment terms. Some customers pay by monthly direct debit and the Group aims to recover billed amounts every 3 months.

4.1.2 Leases: determining if a contract contains a lease

Under IFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for consideration.

The Group assesses whether it has the right to obtain substantially all of the economic benefits from use of the identified asset, as well as the right to direct the use of that asset.

The Group also determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The majority of the Group's lease arrangements concern the sites on which its generation assets are located. These arrangements require additional consideration in respect of various lease costs associated with the sites, being primarily base rent, substation rent and easements/access rights.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates (continued)

4.1 Judgements (continued)

4.1.2 Leases: determining if a contract contains a lease (continued)

Access rights in particular refer to land easements or rights to use, access or cross the land of another entity or individual, for a specified purpose. The lease arrangements give the Group the right to use the land but do not give the Group exclusivity of use or right to control.

In assessing whether these land easements and access rights form part of the relevant leases, management have determined the following;

- The land easements and access rights are physically distinct identified assets, which enable to Group to access the land and wind/solar farms, for the specific purposes of power generation, and maintenance of the generation equipment. These land easements and access rights are active for the duration of the lease term, meaning that they are deemed specific, not perpetual, in nature.
- The Group receives substantially all of the economic benefits from the use of those easements and access right, for the specific purposes of power generation and maintenance of the generation equipment.
- The leases state that the landlord must not breach the Group's right as a tenant to access the land. The Group instructs maintenance, repair and replacement work to be completed on the generation assets by third parties, which requires the Group to have the right to direct the use of the identified assets – being the land easements and access rights.

On the basis of the above, management have concluded that these land easements and access rights therefore be treated as part of the underlying lease.

4.2 Estimates

4.2.1 Estimates over revenue from contracts with customers

Revenue calculated from energy sales includes an industry estimate of the quantity in units of electricity or gas supplied to the Group's customers during the 12 months preceding the end of the reporting period. It also includes an estimate in the form of the average sales price per unit, and standing charge.

15% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption.

The estimate is made using historical consumption patterns, industry estimated consumption rates, and seasonality data available, and takes into consideration industry reconciliation processes, upon which the Group takes a prudent position until final reconciliation data is available from the industry 14 months after the supply date.

The Group has identified that the amount of accrued income subject to estimation uncertainty is approximately £1.1m.

4.2.2 Provision for expected credit losses of trade and intercompany receivables, and contract assets

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (e.g. by customer type, payment type).

The provision matrix is initially based on the Group's historic observed default rates, calibrated to adjust the historic credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates (continued)

4.2 Estimates (continued)

4.2.2 Provision for expected credit losses of trade and intercompany receivables, and contract assets (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The assessments undertaken in recognising provisions have been made in accordance with IFRS 9. A provision for impairment of trade receivables is established based on an expected credit loss model. Information about the ECLs on the Group's trade receivables is disclosed in note 21.

The Parent Company also holds material receivable balances with its subsidiaries, for which the expected credit loss model is also used in establishing a provision for impairment, in accordance with IFRS 9. Information about the Parent Company loans to Group undertakings can be found per note 18.

4.2.3 Power purchase costs

Power purchase costs can typically take 14 months from the date of supply to be finalised due to the processes that the energy market has to complete in order to finalise generation and consumption data for any one particular month. Therefore, there is an element of power purchase costs that needs to be estimated based on a combination of in-house and industry data that is available at any particular point in time.

4.2.4 Inventories

The Group carries Renewable Obligation Certificates (ROCs) as inventory in its Consolidated Statement of Financial Position. These are valued at the lower of cost or estimated realisable value. Gains or losses made on ROCs which are subsequently sold, are only recognised in the Statement of Comprehensive Income when they crystallise.

The final out-turn value of a ROC is only published by OFGEM in October following the compliance year (April to March) which may require a final adjustment to gains or losses on the sale or purchase of ROCs previously recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

5. Discontinued Operations

The Group has Generation Development activities which are discontinued, and efforts have been made during the year to realise value from this portfolio, in part through sales to external parties who will continue to develop the sites. The results of this segment are shown in the segmental analysis of the Consolidated Statement of Comprehensive Income, per note 6.

The major classes of assets of the Generation Development segment which were classified as disposal groups held for sale as at 31 December 2018 (as per note 23) were either sold during the year, or were written down to £nil, as described below.

On 3 May 2019, a subsidiary of the Group – Good Energy Brynwhilach Solar Park Limited – was sold, following the successful completion of the sale agreement. The sale realised a net gain of £362,934. The Group recognised an impairment loss on a residential property, prior to that property being sold during the year. The impairment recognised prior to sale amounted to £199,982 with the sale itself realising a net loss of £48,000.

During the year, the Group recognised impairment losses in respect of a wind development project and the Mapperton transformer, of £1,293,733 and £299,875 respectively, thereby fully writing both of these assets down to £nil. Please refer to note 23 for additional information.

There is a £32,008 tax charge (2018: £56,013 tax charge) related to the discontinued operations for the year.

The net cash flows of the discontinued operations in the year are as follows:

	2019	2018
	£000's	£000's
Operating	(859)	(397)
Investing	343	151
Financing	233	607
Net cash inflow	(283)	361
Loss per share: discontinued operations	2019	2018
	£000's	£000's
Basic	(5.9p)	(4.6p)
Diluted	(5.7p)	(4.6p)

Notes to the Financial Statements

6. Segmental Analysis

The chief operating decision-maker has been identified as the Board of Directors (the 'Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Board considers the business from a business class perspective, with each of the main trading subsidiaries accounting for each of the business classes.

The main segments are:-

- Supply Companies (including electricity supply, FIT administration and gas supply),
- Electricity Generation companies (including wind and solar generation companies),
- Generation Development (29 early stage development companies),
- Holding companies, being the activity of Good Energy Group PLC.

No operating segments have been aggregated to form the above reportable operating segments.

The Board assesses the performance of the operating segments based primarily on summary financial information, extracts of which are reproduced below. An analysis of profit and loss, assets and liabilities and additions to non-current asset, by class of business, with a reconciliation of segmental analysis to reported results follows.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

6. Segmental Analysis (continued)

Year ended 31 December 2019	Electricity Supply	FIT Admin- istration	Gas Supply	Total supply companies	Electricity Generation	Holding companies/ consolidation adjustments	Total – continuing operations	Generation Development (discontinued)	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue									
Revenue from contracts with customers	89,981	5,247	26,335	121,563	1,697	-	123,260	91	123,351
FiT/ROC subsidy revenue	-	-	-	-	998	-	998	-	998
Inter-segment revenue	-	-	-	-	6,084	(6,084)	-	-	-
Total revenue	89,981	5,247	26,335	121,563	8,779	(6,084)	124,258	91	124,349
Expenditure									
Cost of sales	(69,382)	(462)	(18,835)	(88,679)	(3,922)	-	(92,601)	(1,246)	(93,847)
Inter-segment cost of sales	(6,084)	-	-	(6,084)	-	6,084	-	-	-
Gross profit	14,515	4,785	7,500	26,800	4,857	-	31,657	(1,155)	30,502
Administrative expenses				(21,589)	(426)	(2,780)	(24,795)	225	(24,570)
Depreciation & amortisation				(1,091)	-	(198)	(1,289)	-	(1,289)
Operating profit/(loss)				4,120	4,431	(2,978)	5,573	(930)	4,643
Net finance income/ (costs)				27	(3,377)	(923)	(4,273)	-	(4,273)
Share of Loss of Associate				-	-	(42)	(42)	-	(42)
Profit/(loss) before tax				4,147	1,054	(3,943)	1,258	(930)	328
Segments assets & liabilities									
Segment assets				54,410	63,633	(2,184)	115,859	505	116,364
Segment liabilities				43,981	65,176	(23,808)	85,349	12,235	97,584
Net assets/ (liabilities)				10,429	(1,543)	21,624	30,510	(11,730)	18,780
Additions to non-current assets				2,923	5,090	1,041	9,054	-	9,054

Notes to the Financial Statements

6. Segmental Analysis (continued)

Year ended 31 December 2018	Electricity Supply	FIT Admin- istration	Gas Supply	Total supply companies	Electricity Generation	Holding companies/ consolidation adjustments	Total – continuing operations	Generation Development (discontinued)	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue									
Revenue from contracts with customers	80,121	4,856	27,998	112,975	195	-	113,170	9	113,179
FIT/ROC subsidy revenue	-	-	-	-	3,745	-	3,745	-	3,745
Inter-segment revenue	-	-	-	-	4,369	(4,369)	-	-	-
Total Revenue	80,121	4,856	27,998	112,975	8,309	(4,369)	116,915	9	116,924
Expenditure									
Cost of sales	(60,190)	(873)	(18,575)	(79,638)	(3,828)	-	(83,466)	(72)	(83,538)
Inter-segment cost of sales	(4,369)	-	-	(4,369)	-	4,369	-	-	-
Gross Profit/ (loss)	15,562	3,983	9,423	28,968	4,481	-	33,449	(63)	33,386
Administrative expenses				(22,172)	(315)	(3,087)	(25,574)	(124)	(25,698)
Tidal lagoon write-off				-	-	500	500	(500)	-
Depreciation & amortisation				(1,081)	-	(645)	(1,726)	-	(1,726)
Operating profit/(loss)				5,715	4,166	(3,232)	6,649	(687)	5,962
Net finance income/ (costs)				12	(3,574)	(783)	(4,345)	-	(4,345)
Profit/(loss) before tax				5,727	592	(4,015)	2,304	(687)	1,617
Segments assets & liabilities									
Segment assets				63,898	99,253	(52,095)	111,056	7,734	118,790
Segment liabilities				51,116	104,897	(73,546)	82,467	17,497	99,964
Net assets/ (liabilities)				12,782	(5,644)	21,451	28,589	(9,763)	18,826
Additions to non-current assets				1,577	34	6	1,617	(4)	1,613

All turnover arose within the United Kingdom.

Consolidation adjustments relate to inter-company sales of generated electricity and the elimination of inter-company balances.

Notes to the Financial Statements

7. Operating Profit and Administrative Expenses

	Note	2019	2018
		£000's	£000's
The operating profit is stated after charging:			
Depreciation of property, plant and equipment	15	2,700	2,948
Amortisation of intangible assets	17	171	858
Depreciation of right of use assets	16	1,154	-
Lease rentals		-	880
Auditors' remuneration			
Audit of parent and consolidated financial statements		100	60
Audit of subsidiaries		99	96
Fees in relation to overruns of prior year audit		28	48
Subtotal (audit)		227	204
Other services		-	-
Subtotal (non-audit)		-	-
The administrative expenses comprise the following:			
Staff costs		14,034	13,622
Rent and office costs		3,050	3,869
Marketing costs		1,019	2,006
Professional fees and bank charges		2,974	3,268
Expected credit loss provision		3,674	3,576
Write back of unclaimed overpayments		-	(1,027)
Depreciation and amortisation		1,285	1,232
WIP writedown		139	378
Write down of investment in Tidal Lagoon		-	500
(Gain)/loss on disposals		(316)	-
Total		25,859	27,424
Split between:			
Continuing administrative expenses		25,219	26,800
Non-underlying costs		865	-
Discontinued		(225)	624
Total		25,859	27,424

Notes to the Financial Statements

7. Operating Profit and Administrative Expenses (continued)

Non-underlying costs in the year relate to our investment in a new customer services technology platform with Kraken Technologies Ltd. These costs comprise of a restructuring provision of £351,401 as part of our operating model transformation and the costs of the Kraken system implementation of £513,690. Capitalised expenditure on the Kraken system implementation in the year totalled £663,596; these are additions to intangible assets as assets under the course of development.

8. Parent Company Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these financial statements. The Parent Company profit or loss for the year (after taxation) is disclosed at the foot of the Parent Company Statement of Financial Position.

9. Staff Costs

Staff costs, including Directors' remuneration, were as follows:

	2019	2018
	£000's	£000's
Wages and salaries	11,666	9,520
Social security costs	1,159	1,019
Share based payments	81	358
Other pension costs	529	459
Total staff costs	13,435	11,356
Capitalised staff costs	(356)	(202)
Total expensed staff costs	13,079	11,154

Details of share based payments can be found in note 32.

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

	2019	2018
	Number	Number
Operations	121	110
Business services	185	186
Total management and administration	306	296

The total numbers of employees, including the Directors, at the year end were as follows:

	2019	2018
	Number	Number
Operations	107	119
Business services	177	184
Total management and administration	284	303

Notes to the Financial Statements

10. Directors' and Key Management Remuneration

Directors' and Key Management emoluments	2019	2018
	£000's	£000's
Short term employee benefits	1,304	1,373
Post employment benefits	96	107
Share based payments	81	358
Total	1,481	1,838

Key Management are considered to be the Directors of Good Energy Group PLC and the executive team. The emoluments relating to these teams are included in the table above.

During the year retirement benefits were accruing to 2 Directors of the Group (2018: 3) in respect of money purchase pension schemes.

In respect of the highest paid Director, the Group paid remuneration of £339,186 (2018: £323,336), including contributions to money purchase pension schemes of £27,580 (2018: £27,170).

Individual remuneration for the Directors is set by the Remuneration Committee of the Board which consists entirely of Non-Executive Directors. Appropriate Keyman Insurance policies are in place.

During the year, 90,000 share options were exercised by current or former Directors and Key Management (2018: 100,350). The aggregate amount of gains made by current Directors or Key Management on the exercise of share options was £4,875 (2018: £121,476).

Details of the Directors' remuneration as required by AIM rule 19 are given in the table in the Directors' remuneration report on page 75 and are included in this note by cross reference.

11. Finance Income

	2019	2018
	£000's	£000's
Bank and other interest receivables	80	16
Fair value gains	86	-
Total finance income	166	16

Notes to the Financial Statements

12. Finance Costs

	2019	2018
	£000's	£000's
On bank loans and overdrafts	2,956	3,051
On corporate bond	908	1,092
Other interest payable	8	26
Interest on lease liabilities	374	-
Amortisation of debt issue costs	193	192
Total	4,439	4,361

13. Taxation

	2019	2018
	£000's	£000's
Analysis of tax charge for the year		
Current tax		
Current tax	10	-
Adjustments in respect of prior years	18	-
Total current tax (see below)	28	-
Deferred tax		
Origination and reversal of temporary differences	93	505
Adjustments in respect of prior years	(47)	211
Total deferred tax (see note 25)	46	716
Tax on profit on ordinary activities	74	716

Adjustments in respect of prior year deferred tax amounts are from differences relating to capital allowances claimed.

	2019	2018
	£000's	£000's
Income tax expense reported in the statement of profit and loss - continuing operations	42	660
Income tax attributable to discontinued operations	32	56
Total tax charge for the year	74	716

Notes to the Financial Statements

13. Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained as follows:

	2019	2018
	£000's	£000's
Accounting profit before tax from continuing operations	1,258	2,304
Loss before tax from discontinued operations	(930)	(687)
Accounting profit before income tax	328	1,617
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	62	307
Tax effects of:		
Expenses not deductible for tax purposes	323	235
Share of loss in associate	8	-
Non-taxable gain on sale of investment	(79)	-
Effects of changes in tax rate	(15)	(46)
Restricted interest costs deduction	-	(85)
Share-based payment adjustment	(148)	-
Prior year adjustments	(29)	211
Deferred tax on losses not recognised	-	132
Recognition of deferred tax on losses previously unrecognised	(48)	-
Deferred tax on interest costs recognised	-	(38)
Total tax charge for the year	74	716

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 (on 15 September 2016), which included a reduction to the main rate of corporation tax to 17% from 1 April 2020.

As the changes have been substantively enacted at the reporting date, their effects are included within these financial statements. Accordingly, deferred tax balances have been calculated using a rate of 17%.

The Chancellor's Spring Budget on 11 March 2020 announced that the UK corporation tax rate is to remain at 19% effective from 1 April 2020. This was enacted on 11 March 2020. The deferred tax balances have not been updated to reflect this and the overall impact of this rate change on the closing deferred tax liability would be an increase of £106,000.

Notes to the Financial Statements

13. Taxation (continued)

Corporation tax payable/(recoverable) as per Consolidated Statement of Financial Position

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
UK Corporation Tax on profits for the year	-	-	10	-

14. Earnings/(Loss) per Share

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares during the year after excluding 293,270 (2018: 403,270) shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

	Consolidated	
	2019	2018
Profit/(loss) attributable to owners of the Company (£000's)	254	901
Basic weighted average number of ordinary shares ('000's)	16,294	16,109
Basic earnings/(loss) per share	1.6p	5.6p

	Consolidated	
	2019	2018
Profit/(loss) attributable to owners of the Company (£000's)	1,216	1,644
Basic weighted average number of ordinary shares ('000's)	16,294	16,109
Basic earnings/(loss) per share	7.5p	10.2p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are actually dilutive only when the average market price of the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards).

Notes to the Financial Statements

14. Earnings/(Loss) per Share (continued)

The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the year was 138p (2018: 126p). The dilutive effect of share-based incentives was 513,596 (2018: 289,262). The dilutive effect of share-based incentives for continuing operations was 513,596 shares (2018: 289,262 shares).

	Consolidated	
	2019	2018
Profit/(loss) attributable to owners of the Company (£000's)	254	901
Weighted average number of diluted ordinary shares ('000's)	16,807	16,399
Diluted earnings/(loss) per share	1.5p	5.5p
Continuing operations	Consolidated	
	2019	2018
Profit/(loss) attributable to owners of the Company (£000's)	1,216	1,664
Weighted average number of diluted ordinary shares ('000's)	16,807	16,807
Diluted earnings/(loss) per share	7.2p	10.0p

Notes to the Financial Statements

15. Property, Plant and Equipment

Consolidated Year ended 31 December 2019	Leasehold improvements	Furniture, fittings & equipment	Generation assets	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2019	677	1,800	62,081	64,558
Reclasses to right-of-use assets under IFRS 16	-	(545)	(1,250)	(1,795)
Additions	-	62	50	112
Disposals	-	-	(160)	(160)
At 31 December 2019	677	1,317	60,721	62,715
Accumulated depreciation				
At 1 January 2019	(479)	(1,406)	(12,322)	(14,207)
Reclasses to right-of-use assets under IFRS 16	-	304	50	354
Charge for the year	(64)	(154)	(2,482)	(2,700)
Disposals	-	-	164	164
At 31 December 2019	(543)	(1,256)	(14,590)	(16,389)
Net book value				
At 1 January 2019	198	394	49,759	50,351
At 31 December 2019	134	61	46,131	46,326

Notes to the Financial Statements

15. Property, Plant and Equipment (continued)

Consolidated Year ended 31 December 2018	Leasehold improvements	Furniture, fittings & equipment	Generation assets	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2018	532	1,649	62,051	64,232
Assets held for sale	-	-	(4)	(4)
Additions	145	151	34	330
Disposals	-	-	-	-
At 31 December 2018	677	1,800	62,081	64,558
Accumulated depreciation				
At 1 January 2018	(394)	(1,126)	(9,739)	(11,259)
Assets held for sale	-	-	-	-
Charge for the year	(85)	(280)	(2,583)	(2,948)
Disposals	-	-	-	-
At 31 December 2018	(479)	(1,406)	(12,322)	(14,207)
Net book value				
At 1 January 2018	138	523	52,312	52,973
At 31 December 2018	198	394	49,759	50,351

The generation assets relate to electricity generating assets (wind turbines, solar panels and ancillaries). These assets are held within the Company's subsidiaries: Good Energy Delabole Wind Farm Limited; Good Energy Hampole Wind Farm Limited; Good Energy Woolbridge Solar Park Limited; Good Energy Creathorne Solar Park Limited; Good Energy Rook Wood Solar Park Limited; Good Energy Carloggas Solar Park Limited; Good Energy Lower End Solar Park Limited and Good Energy Cross Roads Solar Park Limited.

These assets have been pledged as security against bank and other loan liabilities.

Assets reclassified to assets held for sale are disclosed in note 23.

The tangible assets disclosed above do not include right-of-use assets held under finance leases, as a result of the implementation of IFRS 16 Leases from 1 January 2019. Details of the right-of-use assets and their associated lease liabilities are disclosed in note 16.

Notes to the Financial Statements

16. Right of Use Assets and Leases

The Group has lease contracts for the access to, and use of, land on which its generation assets are located, office buildings, other equipment and software licences.

Leases of land (inclusive of access rights) typically have lease terms of between 20 and 30 years, office buildings of between 4 to 6 years, whilst other equipment and software licences have lease terms of between 3 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of printers, laptops, and coffee and water machines, with low value underlying assets. The Group has applied the recognition exemption in respect of these leases.

Each lease generally imposes a restriction from subleasing the underlying assets to another party, therefore the right-of-use assets can only be used by the Group.

The lease payments within all of the Group's lease agreements (with the exception of short-term leases, leases of low value underlying assets, and those leases containing a variable lease payment component) are linked to annual charges in the Retail Price Index.

The Group has several leases subject to variable lease payments which do not depend on an index or rate. These relate to the Group's generation assets, where the lease payments are based on the actual performance of the asset (which in turn is dependent upon the weather). These payments are not, in substance, fixed, and therefore are excluded from the initial measurement of the lease liability and right-of-use asset.

The Group classifies its right-of-use assets in a manner consistent with that of its property, plant and equipment. The carrying values of the right-of-use assets, together with the depreciation charge split by class of underlying asset, are shown below:

Consolidated Year ended 31 December 2019	Land, land easements and buildings	Furniture, fittings and equipment	Generation assets	Total
	£000s	£000s	£000's	£000's
Cost				
At 1 January 2019	-	-	-	-
Adjustments on transition to IFRS 16	5,684	1,393	1,250	8,327
At 31 December 2019	5,684	1,393	1,250	8,327
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Adjustments on transition to IFRS 16	-	(640)	(50)	(690)
Charge for the year	(590)	(514)	(50)	(1,154)
At 31 December 2019	(590)	(1,154)	(100)	(1,844)
Net book value				
At 1 January 2019	-	-	-	-
At 31 December 2019	5,094	239	1,150	6,483

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

Set out below are the carrying amounts of lease liabilities (included within borrowings) and the movements during the period:

	£000s
At 1 January 2019	126
Additions	5,684
Accretion of interest	373
Payments	(799)
At 31 December 2019	5,384
Current (see note 26)	711
Non-current (see note 26)	4,673
Total	5,384

The maturity analysis of lease liabilities is disclosed in note 26.

The following are the amounts recognised in the Statement of Comprehensive Income:

	£000s
Depreciation of right-of-use assets (included within cost-of-sales and administration expenses)	1,154
Interest expense on lease liabilities	385
Expense relating to leases of low-value assets (included within administration expenses)	54
Variable lease payments (included within administration expenses)	55
Total amount recognised in the Statement of Comprehensive Income	1,648

During the year, the Group had the following:

- Total cash outflows for leases of £908,094;
- No additions to right-of-use assets or liabilities;
- No transactions giving rise to gains or losses arising from sale and leaseback transactions;
- No amounts relating to short-term leases.

The Group has lease contracts for the land on which its generation assets sit. Included within these lease arrangements are variable lease payments, which are based on the actual performance of each site (which itself is dependent upon the weather).

Each lease arrangement contains a base rent payment, reflective of the minimum rental payments within the contract. This rental obligation is guaranteed to the landlord. Additional rental payments included are based on the revenue generated by each site.

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

If a site performs particularly well, the landlord will receive a top-up payment – known as 'revenue rent' – which is calculated at a percentage of the revenue generated and is considered a variable lease payment. These amounts are not considered to be material.

The Group also has lease contracts concerning office buildings which include extension and termination options.

Materially, for all leases, management do not expect to exercise any options to extend the lease term and expect to not exercise any options to terminate the lease.

At the Statement of Financial Position date, the Group had no lease commitments in respect of leases committed to, but not yet commenced. The Group has not yet entered into any lease agreements in respect of the construction of new premises.

17. Intangible Assets

Consolidated Year ended 31 December 2019	Power supply licence	Software licences	Website development costs	Goodwill	Assets under the course of development	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2019	180	5,604	149	1,446	1,110	8,489
Reclasses to right-of-use assets under IFRS 16	-	(847)	-	-	-	(847)
Additions	-	1,711	-	-	123	1,834
Impairment	-	-	-	-	(284)	(284)
At 31 December 2019	180	6,468	149	1,446	949	9,192
Accumulated amortisation						
At 1 January 2019	-	(4,903)	-	-	-	(4,903)
Reclasses to right-of-use assets under IFRS 16	-	336	-	-	-	336
Charge for the year	-	(73)	(98)	-	-	(171)
At 31 December 2019	-	(4,640)	(98)	-	-	(4,738)
Net book value						
At 1 January 2019	180	701	149	1,446	1,110	3,586
At 31 December 2019	180	1,828	51	1,446	949	4,454

Notes to the Financial Statements

17. Intangible Assets (continued)

Consolidated Year ended 31 December 2018	Power supply licence	Software licences	Website development costs	Goodwill	Assets under the course of development	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2018	180	5,460	152	1,446	351	7,589
Additions	-	144	6	-	1,137	1,287
Disposals	-	-	(9)	-	-	(9)
Impairment	-	-	-	-	(378)	(378)
At 31 December 2018	180	5,604	149	1,446	1,110	8,489
Accumulated amortisation						
At 1 January 2018	-	(4,036)	(9)	-	-	(4,045)
Charge for the year	-	(867)	-	-	-	(867)
Disposals	-	-	9	-	-	9
At 31 December 2018	-	(4,903)	-	-	-	(4,903)
Net book value						
At 1 January 2018	180	1,424	143	1,446	351	3,544
At 31 December 2018	180	701	149	1,446	1,110	3,586

Assets under the course of development relate largely to the implementation of a new domestic customer billing system (Kraken). All amortisation amounts are included within administration expenses.

Goodwill of £1,446,453 (2018: £1,446,453) comprises: £1,060,996 (2018: £1,060,996) arising from the original acquisition of Good Energy Limited, and £385,457 (2018: £385,457) from the original acquisition of the wind farm at Delabole.

The carrying values of indefinite life assets included in intangible assets are: goodwill of £1,446,453 (2018: £1,446,453), and a power supply licence of £180,000 (2018: £180,000) which relates to the subsidiary, Good Energy Limited. In arriving at the conclusion that these assets have an indefinite life, management have observed that the power supply licence is awarded until any breach of conditions stipulated by OFGEM. The treatment of goodwill is aligned with relevant accounting standards. An impairment review is undertaken annually or more frequently.

Notes to the Financial Statements

17. Intangible Assets (continued)

The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets. The key assumptions for value in use are as follows:

Value in use assumptions	2019	2018
Gross margin*	20%-30%	20%-30%
Growth rate beyond five year plan	3%	3%
Pre-tax discount rate	8%	8%

*Annual margins have been modelled in the five year cashflow at varying levels.

Sensitivity analysis has been performed on the impairment review. It has been noted that an increase in the discount rate by 100% would not result in an impairment of the goodwill. Management believe any increase in discount rates above 10% to be remote and therefore the Directors believe there to be significant headroom.

18. Investments and Subsidiaries

Parent Company Year ended 31 December 2019	Shares in Group undertakings	Loans to Group undertakings	Total
	£000's	£000's	£000's
Cost and net book value			
At 1 January 2019	4,646	30,602	35,248
Additions	-	14,882	14,882
Provisions	-	(2,102)	(2,102)
Repayments	-	(18,868)	(18,868)
At 31 December 2019	4,646	24,514	29,160

Parent Company Year ended 31 December 2018	Shares in Group undertakings	Loans to Group undertakings	Total
	£000's	£000's	£000's
Cost and net book value			
At 1 January 2018	4,646	37,048	41,694
Additions	-	3,082	3,082
Provisions	-	(500)	(500)
Repayments	-	(9,028)	(9,028)
At 31 December 2018	4,646	30,602	35,248

Loans to Group undertakings are repayable by 31 December 2035. Interest rates charged on these loans range from 0.00% to 8.85%.

Notes to the Financial Statements

18. Investments and Subsidiaries (continued)

The Group had the following subsidiaries at 31 December 2019 (all of which have the same registered address as Good Energy Group PLC, which can be found within the Directors and Corporate Resources section on the final page of this report):

Name	Country of incorporation and place of business	Proportion of ordinary shares directly held by Parent Company	Nature of business
Good Energy Limited	UK	100%	Supply of renewably sourced electricity and FIT administration
Good Energy Gas Limited	UK	100%	Supply of gas
Good Energy Generation Limited	UK	100%	An investor in potential new generation sites
Good Energy Generation Holding Company No.1 Limited	UK	100%	Holding company for a generating asset sub group
Good Energy Generation Assets No.1 Limited*	UK	100%	Holding company for generating assets subsidiaries
Good Energy Hampole Windfarm Limited*	UK	100%	Generation of electric power by wind turbine machinery
Good Energy Woolbridge Solar Park (010) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Creathorne Farm Solar Park (003) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Rook Wood Solar Park (057) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Carloggas Solar Park (009) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Lower End Farm Solar Park (026) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Cross Road Plantation Solar Park (028) Limited*	UK	100%	Generation of electric power by solar panels
Good Energy Delabole Windfarm Limited	UK	100%	Generation of electric power by wind turbine machinery
Good Energy Cedar Windfarm Limited*	UK	85%	Development of an energy generating asset
Good Energy Lanyon Solar Park (011) Limited	UK	100%	Development of an energy generating asset

Notes to the Financial Statements

18. Investments and Subsidiaries (continued)

Good Energy Mapperton Solar Park (007) Limited	UK	100%	Development of an energy generating asset
Good Energy Tidal Limited	UK	100%	Investment holding company
Good Energy Development (No.1) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.3) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.4) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.5) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.6) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.7) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.8) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.9) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.10) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.12) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.14) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.15) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.16) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.17) Limited	UK	100%	Development of an energy generating asset
Llangyfelach Community Solar Farm C.I.C	UK	100%	Development of an energy generating asset
Worminster Down Somerset Community Solar Farm C.I.C	UK	100%	Development of an energy generating asset
Good Energy Development (No.20) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.21) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.22) Limited	UK	100%	Development of an energy generating asset

Notes to the Financial Statements

18. Investments and Subsidiaries (continued)

Good Energy Development (No.24) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.25) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.26) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.27) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.28) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.29) Limited	UK	100%	Development of an energy generating asset
Good Energy Development (No.30) Limited	UK	100%	Development of an energy generating asset
Homegrown Energy Ltd	UK	100%	Dormant

*Entities indirectly owned by Good Energy Group PLC.

The subsidiaries above have all been included in the consolidated financial statements. A subsidiary of the Group – Good Energy Brynwhilach Solar Park Limited – was sold during the year. Further details around this are disclosed per note 5.

Impairment

The Group performed an impairment test in December 2019. The Group considers the relationship between its market capitalisation and its book value, as well as forward looking estimates of cash flows, when reviewing for indicators of impairment. As at 31 December 2019, the market capitalisation of the Group was significantly higher than the book value of its equity. Management concluded from these reviews that no indicators of impairment existed.

The recoverable amount of the intercompany loan receivable balance in the Parent Company has been determined based on an assessment of forward looking estimates of cash flows and a probability of default. The projected cash flows have been adjusted to allow for normalised business (i.e. no new business activity costs or revenue are included), and are considering a prudent case. The pre-tax discount rate applied to cash flow projections is 8.0%, and cash flows beyond the three-year period are extrapolated using a 3.0% growth rate. It was concluded that the future cash flows do exceed the value of the intercompany loan receivable, and therefore no expected credit loss provision is required.

Key assumptions used in impairment calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Discount rate
- Growth rates used to extrapolate cash flows beyond the forecast period

Discount rate – the discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the time value of money. The discount rate is derived from the Group's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. A rise in the pre-tax discount rate to 11.65% would result in impairment.

Growth rate estimates – rates are based on management's prudent estimates of expected growth. A decrease in the growth rate estimate to 0% would still leave significant headroom, and would not trigger an indication of impairment.

Notes to the Financial Statements

19. Interests in Equity Associates

In the year, the Group acquired a 12.9% interest in Next Green Cars Ltd ("NGCL"), which develops Zap-Map, the UK's leading charging point platform allowing electric vehicle (EV) drivers to plan routes, identify charge points, checking their availability and share power. It also develops the nextgreencar platform, the UK's number one green car website.

NGCL is a private entity, incorporated and operating in the UK, that is not listed on any public exchange.

19.1 Summary of interests in equity associates

	Notes	2019 £000's	2018 £000's
Non-current assets			
Equity investment in associate	18.2	426	-
Other interests in associates	18.3	615	-
Non-current Liabilities			
LT Financial Liabilities	18.4	39	-
Current Liabilities			
ST Financial Liabilities	18.4	60	-

19.2 Investment in associate

As part of the investment in NGCL, the Group appointed a Director to the board. This grants 33% of the board's voting rights and constitutes significant influence to direct the relevant activities of NGCL. As such, NGCL is accounted for as an associate using the equity method in the consolidated financial statements.

	2019 £000's	2018 £000's
Current assets	338	53
Non current assets	91	60
Current liabilities	(153)	(110)
Non current liabilities	(600)	-
Equity	(324)	3
Group's share in equity -	(42)	-
Goodwill	468	-
Group's carrying amount of the investment	426	-

Notes to the Financial Statements

19. Interests in Equity Associates (continued)

	2019	2018
	£000's	£000's
Revenue from contracts with customers	347	208
Loss for the year	(328)	(57)
Total comprehensive loss	(328)	(57)
Group's share of loss for the year	(42)	-

The associate had no contingent liabilities or capital commitments as at 31 December 2019 or as at 31 December 2018. No dividends were paid by the associate in the period.

19.3 Other interests in associate

	2019	2018
	£000's	£000's
Financial assets at fair value through profit and loss		
Secured convertible loan notes	615	-

Secured convertible loan notes

At 31 December 2019 the Group held £600,000 of the authorised £800,000 secured convertible loan notes in NGCL. This consists of the first two draw down tranches of the loan. After the final tranche of £200,000 has been drawn down in Q1 2020, the Group will have the option to convert the entirety of the secured loan notes into a total shareholding of 50.1% together with the already held shareholding.

These secured convertible loan notes are convertible at the option of the Group until 31 December 2021. If the convertible loan note is not exercised by Good Energy, it becomes repayable half yearly in arrears on 30 June and 31 December by NGCL, over the following five years until 31 December 2026, accruing interest annually at 8.0%.

	Carrying amount	Fair value
	£000's	£000's
Secured convertible loan notes	615	615

The fair value has been calculated using the discounted cash flow method over the contractual cashflows.

Notes to the Financial Statements

19. Interests in Equity Associates (continued)

19.4 Other financial liabilities

	2019	2018
	£000's	£000's
Financial liabilities at fair value through profit and loss		
Contingent consideration at initial recognition	171	-
Fair value gain	(72)	-
Contingent consideration at 31 December	99	-
Total current	60	-
Total non-current	39	-

The carrying amount of these liabilities is equivalent to the fair value.

Contingent consideration

As part of the purchase of share in NGCL a contingent consideration has been agreed. Contingent consideration is payable dependent on the satisfaction of product milestones in July 2020 and stretching financial milestone targets in December 2021. The maximum possible deferred consideration is £0.72m.

20. Inventories

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Renewable Obligation Certificates	-	-	9,506	8,434
Emission Certificates	-	-	435	146
Generation Development sites	-	-	-	-
Total	-	-	9,941	8,580

As at 31 December 2019 there were Renewable Obligation Certificates (ROCs) of £6,263,879 (2018: £5,199,973) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not available for sale before the end of the financial year. The cost of inventories recognised as an expense, including the impairment value, and included in 'cost of sales' amounted to £12.5m (2018: £10.9m).

Notes to the Financial Statements

21. Trade and Other Receivables

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Gross trade receivables and unbilled receivables	8	817	33,724	31,349
Provision for impairment/non-payment of trade receivables	-	-	(7,345)	(5,922)
Net trade receivables and unbilled receivables	8	817	26,379	25,427
Prepayments and other debtors	55	94	2,951	4,087
Other taxation	35	9	100	282
Total	98	920	29,430	29,796

Where a customer account is in credit this is included in contract liabilities (see note 29 Trade and Other Payables).

The Group has identified that the amount of accrued income subject to estimation uncertainty is approximately £1.1m.

The Group has a provision in place to set aside an allowance to cover potential impairment and non-payment of trade receivables. An expected credit loss provision has been calculated on trade receivables in accordance with IFRS 9 Financial Instruments. Some trade receivables are with customers who do not have externally available credit ratings.

The movements on the provision for impairment and non-payment of trade receivables is shown below:

Movement on the provision for impairment and non-payment of trade receivables	2019	2018
	£000's	£000's
Balance at 1 January	5,922	4,535
Increase in allowance for impairment/non-payment	3,674	3,576
Impairment/non-payment losses recognised	(2,251)	(2,189)
Balance at 31 December	7,345	5,922

Trade receivables 31 December 2019	Contract assets	Days past due					Total
		Current	<30 days	30-60 days	61-90 days	>91 days	
		£000's	£000's	£000's	£000's	£000's	£000's
Expected credit loss rate	-	5.5%	5.5%	12.4%	19.9%	70.9%	
Estimated total gross carrying amount at default	-	15,703	6,230	2,518	1,475	7,798	33,724
Expected credit loss rate	-	864	343	313	294	5,531	7,345

Notes to the Financial Statements

21. Trade and Other Receivables (continued)

Trade receivables 31 December 2018	Contract assets £000's	Current £000's	<30 days £000's	Days past due			Total £000's
				30-60 days £000's	61-90 days £000's	>91 days £000's	
Expected credit loss rate	-	3%	5%	8%	19%	53%	
Estimated total gross carrying amount at default	-	14,473	4,105	2,280	1,453	9,038	31,349
Expected credit loss rate	-	480	190	173	275	4,804	5,922

All trade receivables are designated as financial assets measured at amortised cost.

22. Cash and Cash Equivalents

	Parent Company		Consolidated	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Cash at bank and in hand	5,603	309	9,476	8,040
Short-term bank deposits	-	-	952	3,081
Security deposits	-	-	3,239	4,541
Total	5,603	309	13,667	15,662

As part of the bank loan agreements, the lenders require a minimum cash balance to be held in separate reserve accounts, these balances are disclosed as "restricted deposit accounts" in non-current assets on the Statement of Financial Position. Included within cash at bank and in hand for both the Parent Company and the Group is £340,038 (2018: £215,579) in respect of monies held by the Good Energy Employee Benefits Trust. The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings as follows:

	Parent Company		Consolidated	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
AA	-	-	95	-
AA-	-	215	-	215
A+	5,509	-	10,032	10,501
A	-	-	1,000	1,000
B	94	94	397	406
BBB+	-	-	2,143	3,540
Total	5,603	309	13,667	15,662

Cash and cash equivalents are all financial assets designated as financial assets at amortised cost.

Notes to the Financial Statements

23. Disposal Groups Held for Sale

	Consolidated 2019	Consolidated 2018
	£000's	£000's
Property, plant and equipment	-	6,649
Total assets	-	6,649
Carrying value	-	6,649

The property, plant and equipments assets held for sale at 31 December 2018 relate to the subsidiary Good Energy Brynwhilach Solar Park Limited; the sale agreement was completed and this company was sold in the year. They also related to a wind development project, residential property and a transformer. The residential property was sold in the year, however despite active marketing a buyer was not found for the transformer and wind development project. The assets' have been written down to a £nil value this year, have ceased to be classified as held for sale, and therefore transferred to fixed assets. The transformer continues to be actively marketed for sale, and if a buyer is found will reverse the impairment recognised as appropriate.

24. Share Capital and Share Premium

Parent Company & Consolidated				
	Number of shares issued and fully paid	Share Capital	Share Premium Account	Total
		£000's	£000's	£000's
At 1 January 2018	16,517,160	826	12,652	13,478
Proceeds from shares issued	54,361	3	67	70
At 31 December 2018	16,571,521	829	12,719	13,548
Proceeds from shares issued	49,724	3	71	74
At 31 December 2019	16,621,245	832	12,790	13,622

The ordinary shares are the only class of shares in the Company. Holders of ordinary shares are entitled to vote at general meetings of the Company and receive dividends as declared. The Articles of Association of the Company do not contain any restrictions on the transfer of shares or on voting rights.

In 2019, the Company issued 49,724 ordinary shares of 5p each for total consideration of £74,414 resulting in a share premium of £71,928. This relates to two scrip dividend issues in lieu of full year and interim dividend cash payments of 34,641 and 15,083 shares respectively (2018: 35,845 and 18,516 shares respectively).

Clarke Willmott Trust Corporation Limited holds in trust 293,270 (2018: 403,270) ordinary shares of the Company for the present and the future beneficiaries of the Good Energy Group Employee Share Option Scheme. These are deducted from equity as the Employee Benefit Trust shares shown in the Consolidated and Parent Company Statements of Changes in Equity. During the year the Trust disposed of 110,000 (2018: 59,969) shares as a result of options exercised and acquired nil (2018: nil) shares.

A final dividend of 2.6p per share was proposed (2018: 2.5p). However, the Board has recommended deferring the full year final dividend considering the ongoing COVID-19 pandemic and prudent cashflow management.

Notes to the Financial Statements

25. Deferred Taxation

The provision for deferred taxation is made up as follows:

Consolidated	2019	2018
	£000's	£000's
At 1 January	927	145
Charged to the Consolidated Statement of Comprehensive Income	46	717
Elimination on disposal of subsidiaries	(70)	-
Charged to equity	-	65
At 31 December	903	927
 Deferred tax assets	 2019	 2018
	£000's	£000's
On short term timing differences	181	65
Losses	976	860
Interest deductible	-	11
Total	1,157	936
 Deferred tax liabilities	 2019	 2018
	£000's	£000's
On accelerated capital allowances	2,060	1,863

Notes to the Financial Statements

25. Deferred Taxation (continued)

	Accelerated capital allowances	Short-term timing differences	Losses	Interest deductible	Total
	£000's	£000's	£000's	£000's	£000's
Deferred tax assets/(liabilities)					
At 1 January 2018	(2,079)	123	1,811	-	(145)
Credited/(charged) to the income statement	216	7	(951)	11	(717)
Elimination on disposal of subsidiaries	-	-	-	-	-
Charged to equity	-	(65)	-	-	(65)
At 31 December 2018	(1,863)	65	860	11	(927)
Credited/(charged) to the income statement	(267)	116	116	(11)	(46)
Elimination on disposal of subsidiaries	70	-	-	-	70
(Charged) to equity	-	-	-	-	-
At 31 December 2019	(2,060)	181	976	-	(903)

Deferred tax on losses incurred pre 1 April 2017 has only been recognised to the extent that the relevant companies which incurred the losses have sufficient deferred tax liabilities available for offset. Should deferred tax be recognised on all such losses, the deferred tax asset and profit after tax would increase by £25,361.

Notes to the Financial Statements

26. Borrowings and Other Financial Liabilities

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Current:				
Bank and other borrowings	50	411	1,951	2,668
Bond	395	3,595	395	3,595
Loans from Group companies	7,330	3,528	-	-
Lease liabilities	27	-	711	-
Total	7,802	7,534	3,057	6,263

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Non current:				
Bank and other borrowings	-	108	35,314	37,297
Bond	16,757	17,167	16,757	17,167
Lease liabilities	33	-	4,673	-
Total	16,790	17,275	56,744	54,464

The Group has undrawn bank overdraft facilities of £10,000,000 (2018 : £10,000,000) as at 31 December 2019. This facility is secured by guarantees from Good Energy Limited, Good Energy Gas Limited and other Group entities.

At 31 December 2019, £5,449,283 (2018: £6,193,641) of the bank loans relate to the Parent Company's subsidiary, Good Energy Delabole Wind Farm Limited and is secured by a mortgage debenture on that company dated 16 January 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary. The facility will be repaid from future cash flows arising from the wind farm of this company. On 7 January 2011, the loan balance was transferred from the build phase to the repayment phase, with repayments of capital and interest scheduled bi-annually over 15 years.

As part of the facility Good Energy Delabole Wind Farm Limited entered into a floating rate to fixed rate interest swap. They were entered into at the same time and in contemplation of one another, have the same counter-party, relate to the same risk and amortise concurrently. Given these circumstances and the fact that there is no economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction, these instruments are treated as one fixed rate loan instrument. The fixed rate interest is payable at an annual rate of 7.15%.

Notes to the Financial Statements

26. Borrowings and Other Financial Liabilities (continued)

At 31 December 2019, £33,882,698 (2018: £34,990,240) of the bank loans relate to the Parent Company's subsidiary, Good Energy Generation Assets No. 1 Limited. The loan is secured by a mortgage debenture on that company and its subsidiaries dated 17 December 2014, incorporating charges over the shares of that company and those of its subsidiaries. The facility will be repaid from future cash flows arising from the subsidiaries of that company with repayments of capital and interest scheduled quarterly over a period of 18 years commencing 17 December 2014. Interest is payable at 6.85% and the outstanding principal balance is partially exposed if annual RPI inflation exceeds 3%. Costs incurred in raising finance were £2,754,299 (2018: £2,754,299) and are being amortised over the life of the loan.

Parent Company	Inter-company loan	Bond	Bank and other borrowings	Lease liabilities	Total
	£000's	£000's	£000's	£000's	£000's
31 December 2019					
Due less than 1 year	7,330	395	50	27	7,802
Due between 1 and 5 years	-	16,757	-	33	16,790
Total	7,330	17,152	50	60	24,592

Parent Company	Inter-company loan	Bond	Bank and other borrowings (restated*)	Finance lease (restated*)	Total
	£000's	£000's	£000's	£000's	£000's
31 December 2018					
Due less than 1 year	3,529	3,595	345	65	7,534
Due between 1 and 5 years	-	17,167	50	58	17,275
Total	3,529	20,762	395	123	24,809

*The 2018 Parent Company bank and other borrowings and finance leases amounts have been restated as the finance leases values were incorrectly presented as bank and other borrowings and vice versa. This has been corrected above.

Notes to the Financial Statements

26. Borrowings and Other Financial Liabilities (continued)

Consolidated	Bank and other borrowings	Bond	Lease liabilities	Total
	£000's	£000's	£000's	£000's
31 December 2019				
Due less than 1 year	1,951	395	711	3,057
Due between 1 and 5 years	9,115	16,757	1,381	27,253
Due more than 5 years	26,199	-	3,292	29,491
Total	37,265	17,152	5,384	59,801
Consolidated	Bank and other borrowings	Bond	Finance lease	Total
	£000's	£000's	£000's	£000's
31 December 2018				
Due less than 1 year	2,668	3,595	-	6,263
Due between 1 and 5 years	8,456	17,167	-	25,623
Due more than 5 years	28,841	-	-	28,841
Total	39,965	20,762	-	60,727

The fair values of borrowings have been calculated taking into account the interest rate risk inherent in the loans and the bond. The fair value estimates and carrying values of borrowings (excluding issue costs) in place at 31 December 2019 are:

	2019	2019	2018	2018
	Fair value	Carrying value	Fair value	Carrying value
	£000s	£000s	£000s	£000s
Good Energy Delabole Wind farm Ltd	5,565	5,546	6,378	6,352
Good Energy Generation Assets No. 1 Limited	34,683	33,883	35,463	34,990
Corporate bond	17,309	16,785	20,353	20,409

Borrowings are designated as other financial liabilities held at amortised cost.

Notes to the Financial Statements

27. Changes in Liabilities Arising from Financing Activities

	1 January 2019	Recognition of right of use obligations	Cash flows	Other	31 December 2019
	£000's	£000's	£000's	£000's	£000's
Current interest-bearing loans and borrowings (excluding items listed below)	5,852	-	(6,311)	2,805	2,346
Non-current interest-bearing loans and borrowings (excluding items listed below)	54,356	-	-	(2,285)	52,071
Current lease obligations	411	685	(769)	384	711
Non-current lease obligations	108	4,999	-	(434)	4,673
Total liabilities from financing activities	60,727	5,684	(7,080)	470	59,801

The 'Other' column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings, including obligations under leases to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

28. Provisions for Liabilities

A provision has been recognised for decommissioning costs associated with wind farms and solar parks owned and operated by the Group. The value of the provision below wholly relates to the decommissioning provision. The decommissioning provision is based on MWh or number of turbines for the respective generating sites.

	2019	2018
	£000s	£000s
1 January	1,446	1,250
Additions to provisions	-	174
Disposals	(174)	-
Charged to profit or loss	22	22
31 December	1,294	1,446

Notes to the Financial Statements

29. Trade and Other Payables

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Trade payables	68	196	1,277	802
Accruals	180	144	28,751	31,028
Social security and other taxes	-	-	1,297	1,512
Other payables	-	-	18	-
Contract liabilities	-	-	4,144	3,522
Total	248	340	35,487	36,864

Trade payables, accruals and other payables are designated as other financial liabilities held at amortised cost.

All of the contract liabilities in 2018 as shown above were recognised as revenue in 2019.

30. Dividends Paid

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

Consolidated	2019	2018
	£000's	£000's
Final dividend for prior year of 2.50p per share (2018: 2.30p)	414	380
Interim dividend for current year of 1.10p per share (2018: 1.00p)	183	166
Sub-total	597	546
Dividends waived	(13)	(14)
Total	584	532

Dividends waived represent dividends that would accrue on shares held by the Good Energy Group Employee Benefits Trust were they not held by the Trust.

A final dividend of 2.60p per share was proposed on 16 March 2020. However, the Board has recommended deferring the full year final dividend considering the ongoing COVID-19 pandemic and prudent cashflow management.

Of the total dividend distributed for the year, £74,414 (2018: £69,621) was paid in the form of scrip dividends with the balance of £510,398 (2018: £461,714) settled in cash.

Notes to the Financial Statements

31. Cash Generated from Operations

Reconciliation of net income to net cash provided by operating activities:

	Parent Company		Consolidated	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Profit/(loss) before tax from continuing operations	(1,755)	305	1,258	2,304
Loss before tax from discontinuing operations	-	-	(937)	(687)
Profit/(loss) before income tax	(1,755)	305	321	1,617
Adjustments for:				
Depreciation	194	150	3,467	2,948
Amortisation	3	-	487	858
Gain on assets disposals	(765)	-	1,435	-
Tidal Lagoon impairment	-	500	-	500
Fair value adjustment of contingent consideration	(72)	-	(72)	-
Net gain on financial assets at FVTPL	(15)	-	(15)	-
Provision against investments in and loans to subsidiaries	2,102	-	-	-
Share based payments	-	358	81	358
Share of loss of associate	42	-	42	-
Dividend income from subsidiaries	(3,500)	(5,000)	-	-
Finance costs/(income) - net	1,011	783	4,244	4,345
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)				
Inventories	-	-	(1,012)	346
Trade and other receivables	822	(743)	366	2,682
Trade and other payables	(92)	6	(1,198)	4,415
Cash (outflow)/inflow from operations	(2,025)	(3,641)	8,146	18,069

Notes to the Financial Statements

32. Share-Based Payments

In order to retain the services of key employees and to incentivise their performance, the Parent Company operates the Good Energy Employee Share Option Scheme under which certain employees of the Group are granted options to acquire Ordinary 5p shares at future dates. Costs in respect of these options of £81,271 (2018: £357,633) are recognised in the Consolidated Statement of Comprehensive Income. As at 31 December 2019, the following options had been issued:

	Number of options		Weighted average exercise price		Total exercise consideration	
	2019	2018	2019	2018 (Restated*)	2019	2018 (Restated*)
	(Number)	(Number)	(£)	(£)	£000's	£000's
Outstanding at beginning of year	1,627,271	1,368,347	0.81	0.96	1,321	1,318
Granted	-	505,168	-	0.05	-	25
Exercised	(110,000)	(58,369)	1.11	0.26	(122)	(15)
Cancelled/surrendered	(261,978)	(187,875)	0.67	0.04	(177)	(7)
Outstanding at the end of year	1,255,293	1,627,271	0.81	0.81	1,022	1,321

*In the prior year, the correction of the number of share options brought forward were incorrectly overstated by 40,000 and the total exercise consideration was not adjusted. This has been recalculated and the opening total exercise consideration has been corrected from £1,681,000 to the correct figure of £1,318,243.

In order to partially fulfil the options granted, 293,270 (2018: 403,270) shares representing approximately 23% (2018: 25%) of the options outstanding have already been issued and held by Clarke Willmott Trust Corporation Limited as the Trustee of the Good Energy Group Employee Benefits Trust. Dividends have been waived on these shares.

Notes to the Financial Statements

32. Share-Based Payments (continued)

The options expire at various dates up to November 2028. Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant-vest	Expiry year	Exercise price in £ per share options	Share options (thousands)	
			2019	2018
2004-2007	2019	0.75	-	15
2012-2015	2025	0.50	189	189
2012-2015	2025	1.15	104	179*
2013-2016	2026	1.25	169	189*
2015-2017	2027	-	22	22
2015-2017	2027	2.29	200	200
2015-2018	2028	2.25	50	100
2015-2018	2028	2.27	-	24
2016-2019	2029	0.05	10	117
2017-2020	2030	0.05	87	87
2018-2021	2031	0.05	424	505
			1,255	1,627

*in the prior year accounts these the number of share options for these two tranches were incorrectly reported as 162,000 and 206,000. These have been corrected to reflect the actual number of shares in the tranches at that time.

There were no share options granted in the current year.

See note 10 for the total expense recognised in the Income Statement for share options granted to Directors and employees.

33. Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £528,781 (2018: £458,538).

Contributions totalling £41,250 (2018: £57,630) were payable to the fund at the end of the financial year and are included in other payables.

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

Notes to the Financial Statements

34. Related Party Transactions

During the prior period, the Group entered into an arm's length agreement with Martin Edwards for the provision of consultancy services related to the evaluation of emerging renewable energy technologies and related products and services. The agreement commenced on 1 June 2018 and can be terminated by either party on 1 months notice. The contracted annual value of the consultancy services is £18,000. Martin Edwards is a Non-Executive Director of Good Energy Limited, and a former director of Good Energy Group PLC.

As at 31st December 2019, Tidal Lagoon Power Ltd owed the Group £21,791 in respect of electricity supplied to its head office. The electricity was supplied by the Group in the ordinary course of its business and on arm's length rates and terms. The CEO of Tidal Lagoon Power Ltd is Mark Shorrocks, the husband of Juliet Davenport. £20,488 of this debt has been provided for through the Group's expected credit loss provision.

35. Subsequent Events

In March 2020 the outbreak of COVID-19 became a global issue. To date, the Group has not seen any significant financial impact from the COVID-19 outbreak, however it continues to monitor the situation closely throughout the coming weeks and months.

In light of the outbreak's wide-ranging implications, the Group have undertaken a detailed going concern review to ensure continued operations throughout the period affected, with a particular focus on cash flows and business continuity plans.

The extent of this period of closure and the impact on the economy after lockdown are uncertain, but downside scenario forecasting indicates impacts on customer energy usage and cash collection rates as compared to the Board's expectations prior to development of the Covid-19 pandemic. Despite the potential impact on results, the Directors do not currently expect an impairment of goodwill, other intangibles, property, plant and equipment and right of use assets, as there was significant headroom when an impairment test was undertaken at the year end.

The Directors proposed a final dividend for the year of 2.6p per share. Due to the ongoing COVID-19 outbreak the Directors have subsequently proposed to defer the payment of this dividend, to provide more flexibility in the Group's response to the pandemic. *The Directors will continue to monitor the COVID-19 situation on an ongoing basis and consider the payment of the final dividend.*

On the 30th March 2020, the third tranche of the secured convertible loan notes granted to Next Green Cars Ltd as part of the Zap-map investment was drawn down. At this time, the Group has the option to convert these loan notes into shares which combined with the Groups existing holding will provide a majority stake in the business. As such, the Group gained effective control of Next Green Cars Ltd from this date. No decision has yet been made to convert the loan notes into equity.

The Directors have concluded that the latest developments up to the date of signing of these financial statements have not provided further information about the circumstances existing at the reporting date, therefore do not expect any adjustments to these financial statements to be made as a consequence.

As a result of the detailed review, the Directors have identified a material uncertainty that would cast significant doubt on the Group's ability to continue as a going concern, but have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period. The detailed going concern review can be found in full per note 2.3, on page 107.

Notes to the Financial Statements

36. Subsidiary Undertakings Exempt from Audit

Good Energy Group PLC has provided the necessary parental guarantees under Section 479A of the Companies Act 2006, to enable the following companies exemption from audit:

Directly held subsidiaries:

Good Energy Cedar Windfarm Limited	Good Energy Development (No.12) Limited
Good Energy Lanyon Solar Park (011) Limited	Good Energy Development (No.14) Limited
Good Energy Mapperton Solar Park (007) Limited	Good Energy Development (No.15) Limited
Good Energy Tidal Limited	Good Energy Development (No.16) Limited
Llangyfelach Community Solar Farm C.I.C	Good Energy Development (No.17) Limited
Worminster Down Somerset Community Solar Farm C.I.C	Good Energy Development (No.20) Limited
Good Energy Development (No.1) Limited	Good Energy Development (No.21) Limited
Good Energy Development (No.3) Limited	Good Energy Development (No.22) Limited
Good Energy Development (No.4) Limited	Good Energy Development (No.24) Limited
Good Energy Development (No.5) Limited	Good Energy Development (No.25) Limited
Good Energy Development (No.6) Limited	Good Energy Development (No.26) Limited
Good Energy Development (No.7) Limited	Good Energy Development (No.27) Limited
Good Energy Development (No.8) Limited	Good Energy Development (No.28) Limited
Good Energy Development (No.9) Limited	Good Energy Development (No.29) Limited
Good Energy Development (No.10) Limited	Good Energy Development (No.30) Limited

Indirectly held subsidiaries:

Good Energy Carloggas Solar Park (009) Limited
Good Energy Creathorne Farm Solar Park (003) Limited
Good Energy Cross Road Plantation Solar Park (028) Limited
Good Energy Hampole Windfarm Limited
Good Energy Lower End Farm Solar Park (026) Limited
Good Energy Rook Wood Solar Park (057) Limited
Good Energy Woolbridge Solar Park (010) Limited.

37. Generation Assets: Technical Data

Wind Farms

Hampole, South Yorkshire
Turbine manufacturer: Servion
No. of turbines: 4
Installed capacity: 8.2MW
Turbine power output: 2.05 MW

Delabole, Cornwall
Turbine manufacturer: Enercon
No. of turbines: 4
Installed capacity: 9.2MW
Turbine power output: 2.3 MW

Solar Farms

Woolbridge, Dorset
Solar modules: Yingli
Nominal capacity DC: 4,996 kWp

Solar Farms (continued)

Creathorne, Cornwall
Solar modules: Yingli
Nominal capacity DC: 1,841 kWp

Rook Wood, Wiltshire
Solar modules: ReneSola
Nominal capacity DC: 4,981 kWp

Lower End, Wiltshire
Solar modules: Jinko Solar
Nominal capacity DC: 4,999 kWp

Crossroads, Dorset
Solar modules: Jinko Solar
Nominal capacity DC: 4,999 kWp

Carloggas, Cornwall
Solar modules: ReneSola
Nominal capacity DC: 8,304 kWp

Directors and Corporate Resources

Directors

William Whitehorn (Non-Executive Chairman)
Juliet Davenport (Chief Executive)
Emma Tinker (Non-Executive Director)
Timothy Jones (Non-Executive Director)
Nemone Wynn-Evans (Non-Executive Director)
Rupert Sanderson (Chief Financial Officer)

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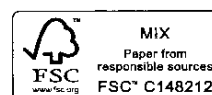
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