

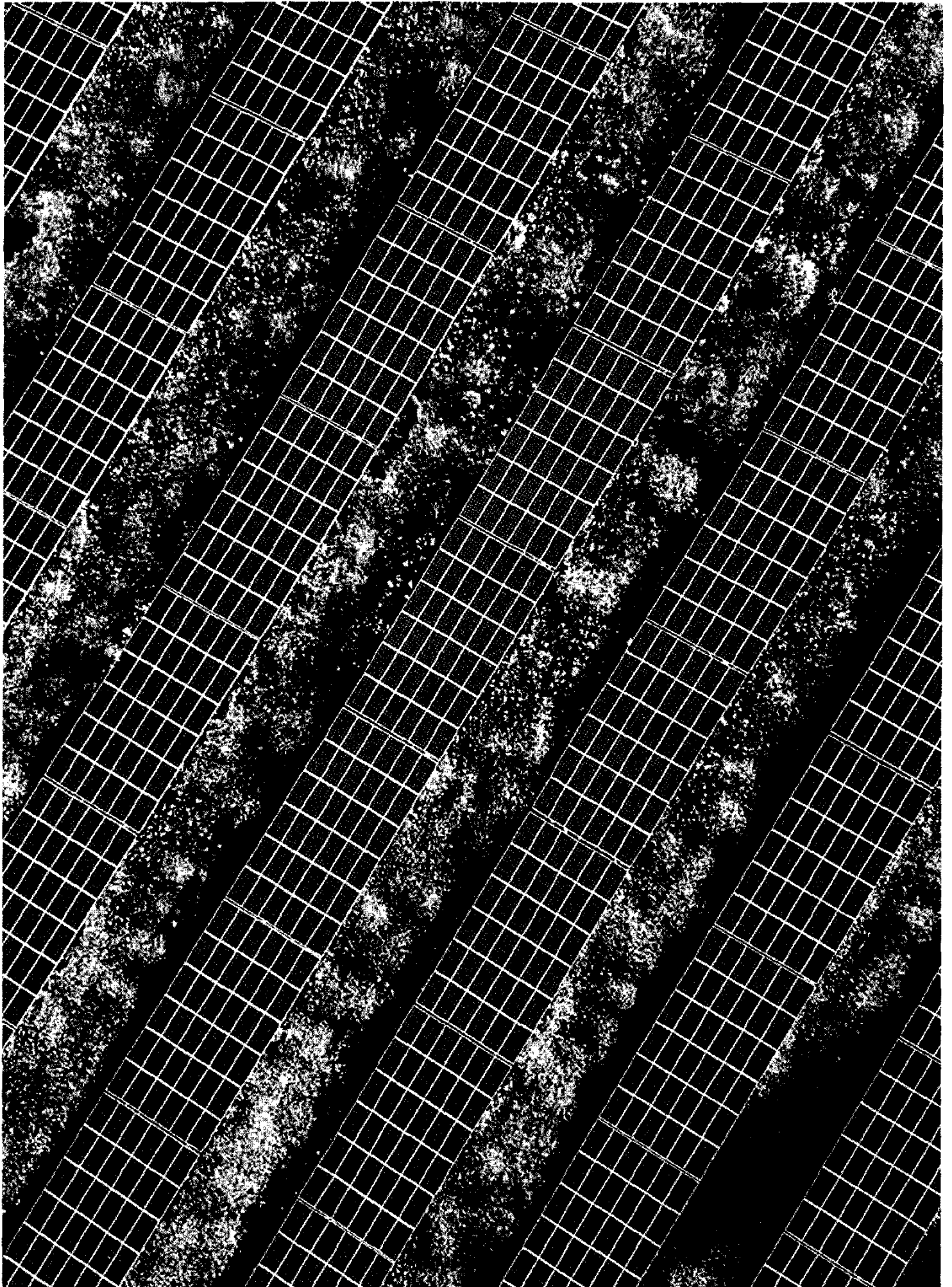
# annual report

## & accounts

2018



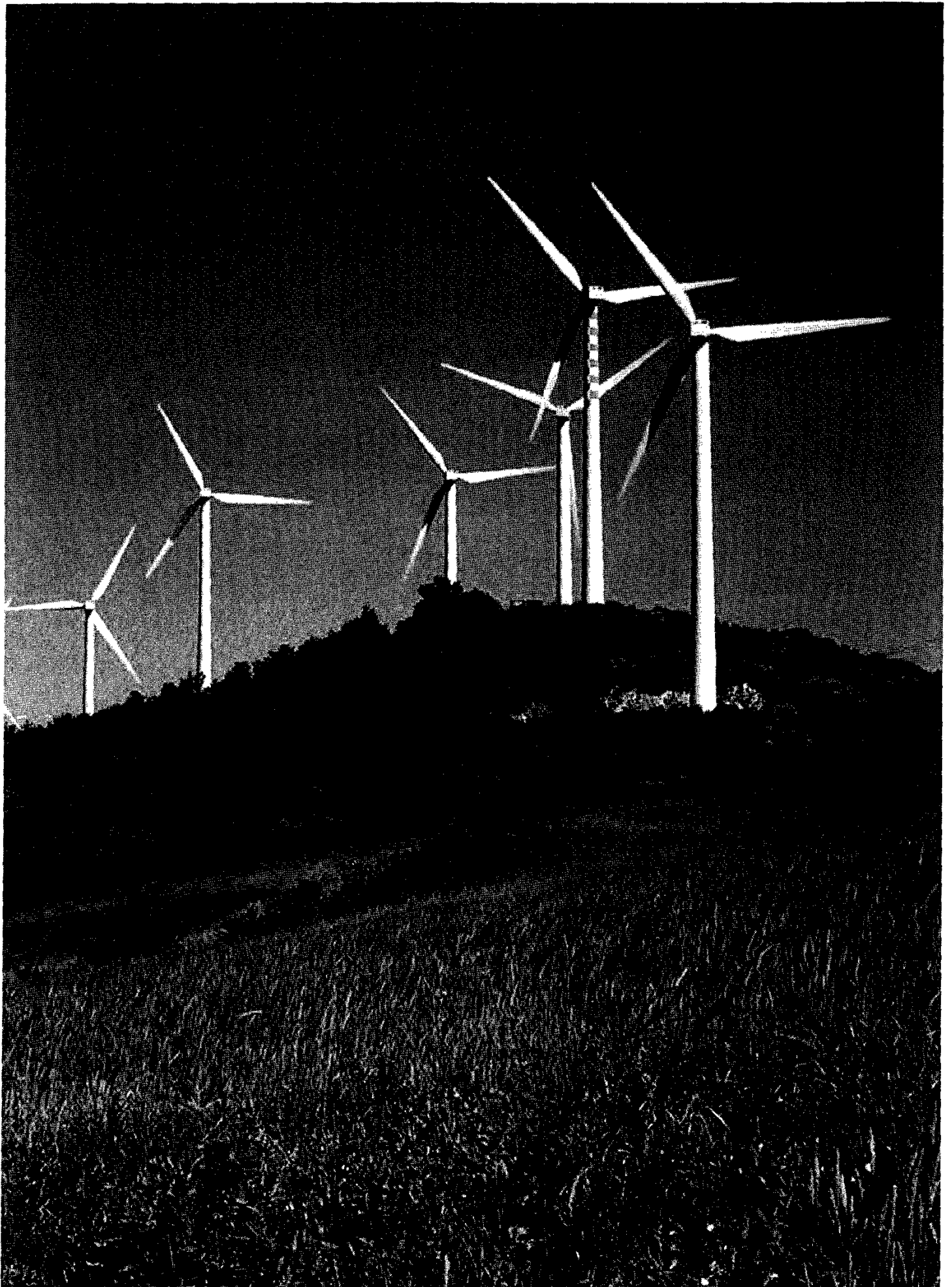
**Powering the choice of a  
cleaner, greener future together**



# annual report & accounts

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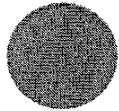




# strategic report

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**Business customer numbers increased** by 4.6% and business volumes increased by over 23%.



**Total net debt decreased 23.1%** following the bond repayment and strong cash generation.



**Seamless customer service:** Our Trustpilot score has increased from 3 to 4 stars in 2018.



**Full executive team** in place and leading from the front.

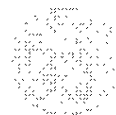
**Our trading and forecasting team** allowed us to maintain our domestic tariff through good risk management of our power and gas positions.

# 2018 achievements

## Our biggest steps forward this year

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**Launched new marketing campaign:** reached over 34 million impressions on social media.



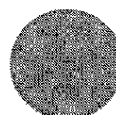
**We rolled out a new Salesforce CRM platform and Power BI,** a data led business intelligence tool.



**Transformed the IT function with a move to an Agile operating model.**

Our new server room, improving our carbon footprint, underpinning everything we do at Good Energy.

We developed plans for our **new HQ** which is now in planning and will complete in 2020.



**Supporting our Community through STEMETTES programme:** launched with local schools & sponsorship of Chippenham Rugby.



## meet the exec team



### Juliet Davenport – Chief Executive Officer

Juliet founded Good Energy in 1999 and was appointed CEO in 2002. From the very beginning, the company's ambition was to empower people to be part of a sustainable solution to climate change.

From an OBE for services to renewables to positions on the board of organisations including the Natural Environment Research Council and Innovate UK, Juliet has been recognised for leading innovation in the energy sector. She is also a member of Powerful Women's Energy Leaders Coalition.

Juliet holds various roles, accolades and scholastic credentials with academic organisations including University of Wales, Bristol University, Imperial College, Birkbeck and London School of Economics.

Passionate about creating a business that's a power for good, Juliet is working with the British Academy's Future of the Corporation Research Programme. This explores how to create businesses that meet society's need in a positive, purposeful way.

### Rupert Sanderson – Finance Director

Rupert joined us in February 2017 and is responsible for all finance 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.



## Stephen Morgan – Chairman and Managing Director

Stephen is responsible for legal, risk, regulatory, compliance and secretariat activities across the group and for co-ordinating the day-to-day operation of Good Energy Group Plc's Board.

Before joining Good Energy in January 2015 Stephen was Legal Director for a variety of operating divisions at Centrica/British Gas. He also helped the company set up new brands and businesses such as Hive and Sainsbury's Energy.

Stephen is a qualified solicitor and practiced as a corporate lawyer with Eversheds LLP until 2010.

## Paul Tavener – Marketing and Strategy Planning Director

Paul is taking the lead on growing the Good Energy brand, including developing campaigns and communications that will underpin our customer and technology-focused strategy. Since joining us in May 2018, Paul has driven the development and launch of projects such as our Ways to be Good digital campaign.

Before making the move into energy, Paul developed his extensive customer marketing experience in the retail sector. His previous roles include Group Brand Director at WHSmith, leading the team that launched Funky Pigeon.com and, as Head of Marketing at Sainsbury's, delivering the 'Try Something New Today' campaign.

## Randall Brown – International Operations Director

Randall is responsible for all sales and commercial activities at Good Energy including energy supply, our Feed-in Tariff and our ventures in battery storage and EV charging.

Joining Good Energy in April 2017, Randall brings commercial expertise that will help Good Energy grow and compete within the market. He has worked in the energy industry for over a decade, for companies including Centrica / British Gas.

Randall began his career as a mechanical engineer and also holds a PhD in thermodynamics.

You can read more about our Board members on pages 42-43 where we welcomed new members Will Whitehorn in July 2018 and Nemone Wynn-Evans in February 2019.

## Sarah Morgan – Customer Services Director

Sarah joined us in June 2018, heading up our contact centre and operational teams to make sure that we're providing all our customers with high quality service, building trust and engaging them in our purpose.

Sarah comes to Good Energy from OVO, where she was Head of Customer Operations. Before that, she was part of the team that transformed the digital customer experience at ASOS.

## Françoise Khalife – People and Operations Director

Joining us in June 2014, Françoise is responsible for human resources and the development of Good Energy as an organisation. This involves looking after recruitment, our people policies, training, generating assets and facilities – including our new HQ project.

Françoise has over 20 years' experience in human resources. She started her career with Marks & Spencer and has held senior HR roles at Coca-Cola UK and Ireland, Dyson and EDF.

Françoise is a graduate of Oxford University and a Chartered Member of the Institute for Personnel and Development.

## Antoine Khalife – Head of Product Strategy & Partnerships

Antoine builds ties with research and commercial organisations to develop the new products that will help us power a cleaner, greener future.

Antoine has 11 years of experience driving innovation in the energy sector. Before joining Good Energy in March 2017, he was Head of Solutions Development at SSE.



# chairman's statement

Good Energy's strong 2018 performance further demonstrates our resilience to changing and difficult markets. We accelerated investment in our future strategy and progressed our transition towards supporting people to generate, supply, store and share clean power through technology enabled energy services.

## Our Market: opportunities and challenges

2018 was another challenging year for the UK energy market. The domestic supply market in particular faced increased competition, wholesale market volatility and more regulation. As a direct result of these factors, twelve companies ceased trading. But despite these pressures, our robust business model, different proposition and thoughtful risk management saw Good Energy end 2018 as a stronger business with enhanced financial performance, improved customer service and exciting prospects for the future.

We remain committed to our domestic supply business while being clear that we are avoiding the price war in this market. We gave greater focus to growing our business supply business, which performed strongly. While both markets face structural challenges, the rising awareness of sustainability and green products represents a large opportunity for growth.

The introduction of the standard variable tariff price cap by OFGEM, which came into effect on 1 January 2019, was an anticipated layer of regulation aimed at protecting consumers and creating a more regulated energy supply environment. We welcome this increased market governance, believing that our ongoing exemption from this price cap demonstrates our material investment in renewables and that our customers support and believe in our purpose.

"good energy's

demonstrates our  
resilience to changing  
and difficult markets"

## Strategic development

As a Board, one of our key areas of focus is to create and deliver a strategy which navigates the challenges and opportunities within our existing and future markets.

As the energy market evolves, so do we. We have been decentralised energy pioneers since 2004, with our Home and Smart generation offerings being forerunners to the Feed-in Tariff (FiT). Today, we are the UK's third largest FiT supplier. To grow, we are investing in multiple channels focused on technology, strategic partnerships and our people. Our continued focus on providing a digital experience and services to complement our clean power offering was illustrated by our strategic investment in Zap-Map, announced recently.

## Board members

To support and govern the business we have also invested in our Board of Directors. In July 2018 Will Whitehorn joined the Board as Non-Executive Director and Deputy Chairman. Will has extensive experience across a broad range of sectors with a focus on fast moving and growing companies. Will's experience across technology, digital and branding will be an asset as we continue to reshape the company, reflecting our view of the changing market, the challenges and the opportunities for Good Energy's future.

In February 2019, Nemone Wynn-Evans also joined the Board as a Non-Executive Director. Nemone will take on the role of Chair of the Audit and Risk Committee from May 2019 after her induction programme. 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 will be an asset to the group as we continue to reshape the company, leading the shift from supplying to sharing energy.

We are proud that our board has equal representation of men and women. Inclusivity is one of our core values and something we continue to promote throughout the company.

After our AGM in June 2019, I will formally step down as Chairman of Good Energy. Since my appointment to the Board in 2012, I have witnessed the business grow steadily, while adapting to continual change within the renewable energy supply and generation markets. Throughout my time as Chairman, we have remained resilient to challenges and stayed true to our purpose of powering the choice of a cleaner, greener future together. Technology, changing customer behaviours and attitudes, and the people making up the Good Energy team mean we are well positioned to lead the shift from old energy to new generation.

We now have a Board in place to guide the company to meet its strategic goals and I am delighted that Will Whitehorn will succeed me as Chair following the AGM subject to shareholder approval. I would like to wish the team well on their journey.

### Dividend

Good Energy aims to deliver a progressive dividend policy. Its objective is to increase the dividend over time as profitability increases – providing an appropriate return to shareholders while also supporting the company to invest in long-term growth opportunities.

Following a strong performance in 2018 and reflecting our confidence in the ongoing business, the Board has recommended an increased final dividend for 2018 of 2.5p per ordinary share, taking our full year dividend to 3.5p. Good Energy's scrip dividend

scheme continues to operate and the Board will confirm the payment timetable of the final dividend in coming weeks, alongside circulating notice of Good Energy's annual general meeting.

In 2019 we expect to experience growth driven by business volumes and continued digital investment, supported by a cash generative business model. We aim to realise a return on our investments made to date and to take advantage of further strategic and commercial growth opportunities. We will make further investments across the business as we evolve into an integrated clean energy supplier, building on our long and successful history in this market.

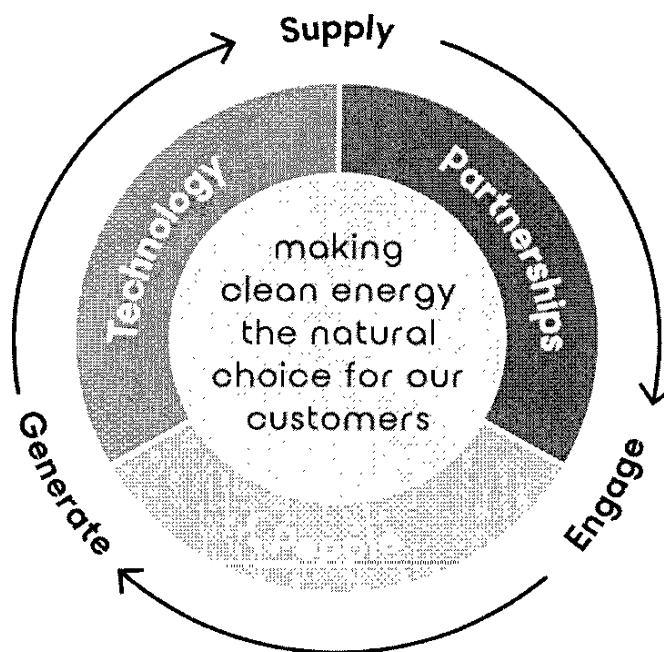
### John Maltby

Chairman  
1 May 2019



# the business model – creating value

We see the future of our business being focused on technology-enabled energy services, which will facilitate the sharing of clean power for all.



## Technology

- SMART technology the foundation of a new energy world
- Data empowers homes and businesses
- Control, storage, Electric Vehicle, sharing economy

## People

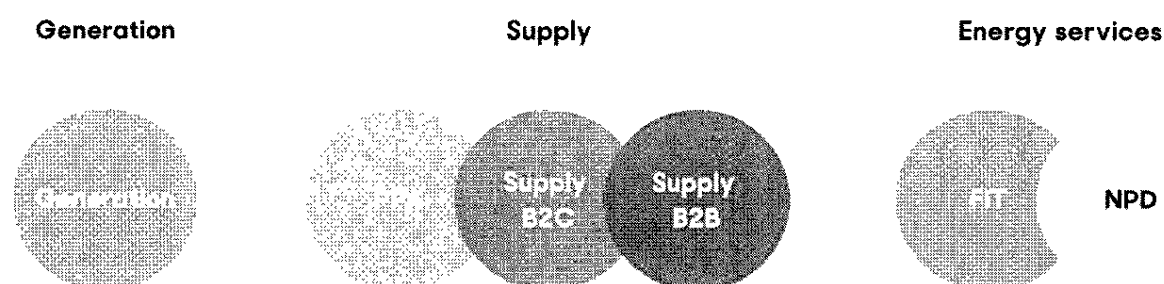
- Invest in leadership across the business
- Digital and data expertise
- Customer focused

## Partnerships

- Strategic partnerships and investment
- Research and innovation
- Digital platform and data insight

# Our business – how we see the future

Our journey so far has taken us from a business built on generation and supply to making the first steps into energy as a service. Our vertically integrated model allows us to interact with customers throughout this entire chain. From generating power to consuming clean energy, all the way through to how they monitor and manage their individual energy consumption.



## Generation

- Established and proven portfolio of generation
- Large network of 1,400 local generators
- Cash generative

## Supply

- 100% renewable clean energy
- Growing business customer base
- Stable domestic customer base
- Consistent and sustainable track record

## Energy services

- Act as the intermediary for customers
- SMART technology the enabler
- Service proposition technology agnostic
- New product development delivering; energy storage, EV, home services

In 2019, we will continue to build on our new product development, roll out SMART technology and drive into complementary markets to bring this business model to life.

# chief executive's review

Given our ambition, 2018 was going to be transformational. With significant investment across our business and plenty of opportunities ahead, we are looking forward to 2019 and hope that you, our shareholders and customers, are too.

I want to tell you a little more about:

- Our plan
- Our progress
- Our future

## Our plan

As CEO, my role is to create and maximise value: for our shareholders, for our customers, for our employees and for our future holders. All while staying true to our values and promise to make clean energy the natural choice. So, to reflect a market that's shifting from simply supplying to sharing power and lead the charge towards a cleaner, distributed energy system, we are focusing investment on technology, people and partnerships.

## Technology

SMART meters are the foundation of a new energy world. The data they produce will empower homes and businesses to realise the value of new energy technologies, usage control, power storage, electric vehicles (EV) and renewable generation.

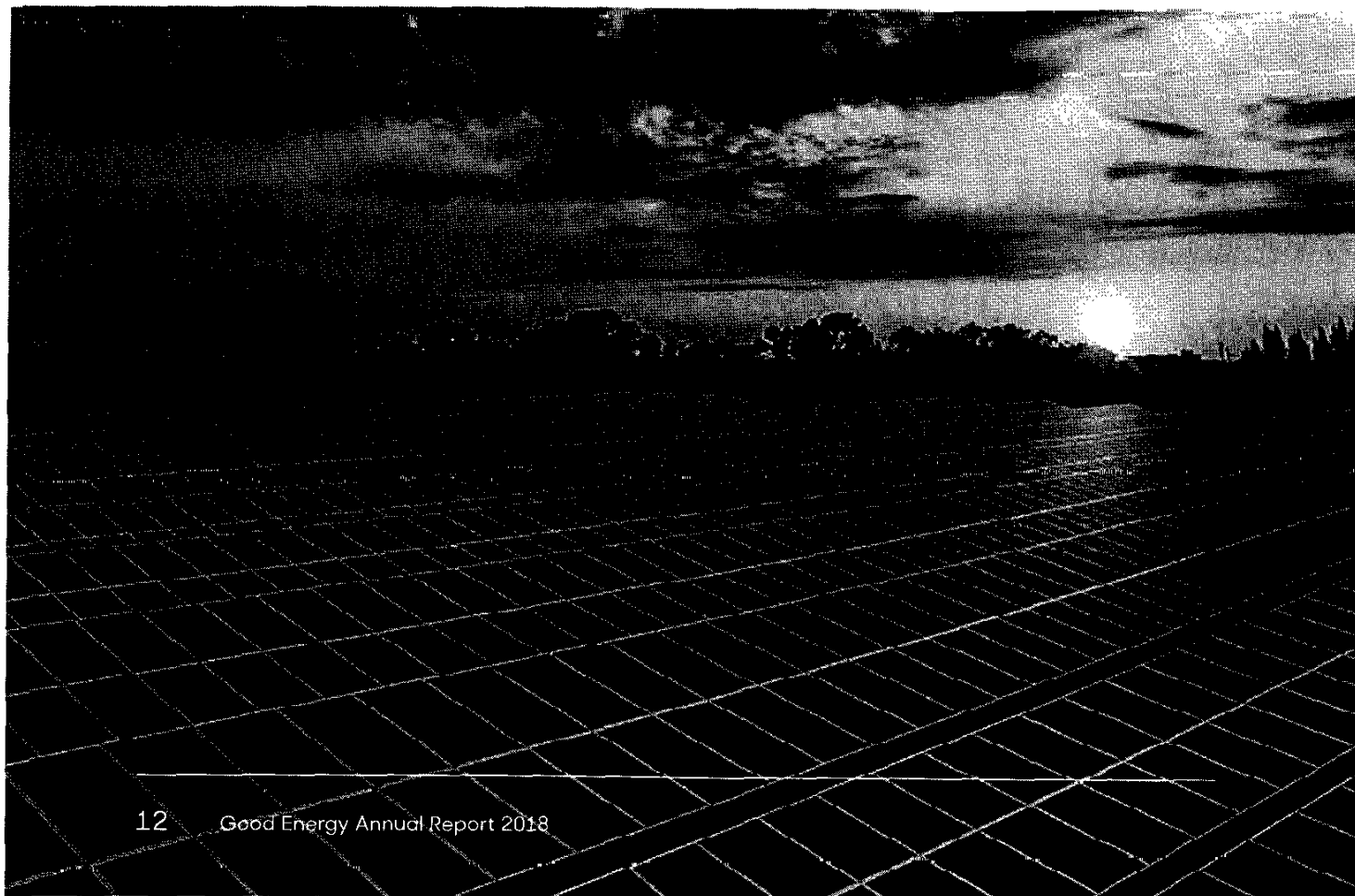
## People

We have invested in people throughout our organisation (including a new Executive team) to develop our in-house digital and data expertise, modernise our customer care capabilities and spearhead new technology choices for customers.

## Strategic partnerships

Good Energy is perfectly placed to help customers navigate and benefit from a low carbon, connected energy world. We will continue to lead it by investing in three core areas:

- Strategic partnerships and investment
- Research and innovation
- Development of digital platform and data insight





One of Good Energy's most successful and rewarding years, 2018 saw us build on our investments throughout the business. This allowed us to achieve significant progress on clear strategic objectives that we set to help us adapt and thrive in a changing energy market.

Our objectives in 2018 were:

#### **Deliver a sustainable financial performance**

Profit before tax increased by over 214% to £2.3m, while our billing cycles returned to over 99% after the disruption we experienced in 2017. This led to strong cashflow generation, which allowed us to pay down debt and continue to invest across the business. Good risk management by our trading and forecasting team allowed us to maintain our domestic tariff despite rising wholesale costs – an industry-wide pressure that led to a number of suppliers going out of business.

#### **Invest in our people**

We brought on board new customer services, marketing and IT directors and now have a full Executive team in place. Further investment in our business sales team is already bringing benefits, with business customer numbers increasing by almost 5% and business supply volumes increasing by over 23%. We also continued to build our digital and developer capability to support our future growth plans. Another highlight of the year was progressing plans for our new HQ, which is due to be completed in late 2020.

#### **Develop a digital platform for future growth**

Our IT function adopted an 'Agile' model to enable us to deliver our business strategy. Alongside this, we rolled out a new CRM platform and a data-led business intelligence tool. These digital improvements have boosted customer experience, illustrated by our Trustpilot Score increasing from 3\* to 4\* over the year. Our investment in digital also saw us launch a new brand campaign, which has had over 34 million impressions on social media.

#### **Build a new product development pipeline**

We began piloting our SMART scheme using next-generation SMETS2 technology to prepare for wider rollout in 2019. Our SMART programme is the foundation for our energy as a service model, which also sees us evolving our EV, storage and home solutions through partnerships with organisations that share our commitment to creating a cleaner, greener future.

"a market that's shifting from simply supplying to sharing power and lead the charge towards a cleaner, distributed energy system, we are focusing investment on

our future

In 2019, we aim to make the most of opportunities the market presents while remaining true to our green purpose. From improved cost per acquisition and lower churn rates in our domestic market, to growing business volumes and continued digital investment, we expect another year of growth. As part of this, we expect to build on our market position in the FiT administration business – the bedrock for our energy as a service model.

Our future is based on the three core investment areas of our growth plan: technology, people and partnerships.

#### **Technology**

We will continue to invest in our IT infrastructure and systems as well as building on our digital and data capabilities. Our new app and data insight will help create a digitised and seamless customer service experience. The roll out of our SMART programme in 2019 will be the next major step on our technological journey, and the enabler for our future energy services.

#### **People**

Investing in our people is fundamental to growing sustainably. We will work to embed our new people promises and leadership behaviours across the Group and give our people a job to believe in. We will continue to live our values, as evidenced by being a living wage employer and our Board of Directors having 50% female representation. We will also progress with the development of our new HQ to give our people an inspiring home to be proud of.

## Partnerships

Strategic partnerships will remain crucial to our new product development strategy. In 2019 we will roll out an EV proposition for domestic and business customers, supported by our recently announced strategic investment in Zap-Map – the go-to route planning and charging app for Britain's 200,000 EV drivers. This is just one example of how partnering with organisations that share our vision of a distributed energy system will help us build our expertise and propositions in EVs, energy storage and home generation.

## Evaluating inherent market risks and opportunities

We evaluate the inherent market risks constantly. While we had a strong 2018, there are areas we continue to be alert to in 2019:

- Competition
- Regulatory and political changes
- Technological investment, implementation and management

These material risks are also opportunities for Good Energy. In the highly competitive domestic energy market, other suppliers lead with price. Due to the higher cost of truly supporting independent renewable generation, price is not our key selling point. We must make service, quality and our purpose the foundation of our offer and work hard to attract customers that are becoming increasingly aware of sustainability (Ethical Consumer annual report).

Regulatory change (such as the SVT price cap introduced in January 2019) and ever more powerful technologies are challenging and changing our industry and our business. We believe that using these technologies to provide a localised sharing economy for our customers and the nation is the future of energy – and that we can work with the right partners to accelerate this.

## Final reflections

John Maltby, Chairman of the Board since 2012, has announced his intention to step down at our AGM in June. I want to thank John for his great contribution over the past seven years. He has helped Good Energy navigate some tricky times and supported us to respond to a strategically testing environment.

Will Whitehorn, our current Deputy Chairman, will be appointed as Chairman subject to shareholder approval at our AGM. His customer-focused business experience and straightforward approach will fit in well at Good Energy, and we look forward to further success with Will in the Chair.

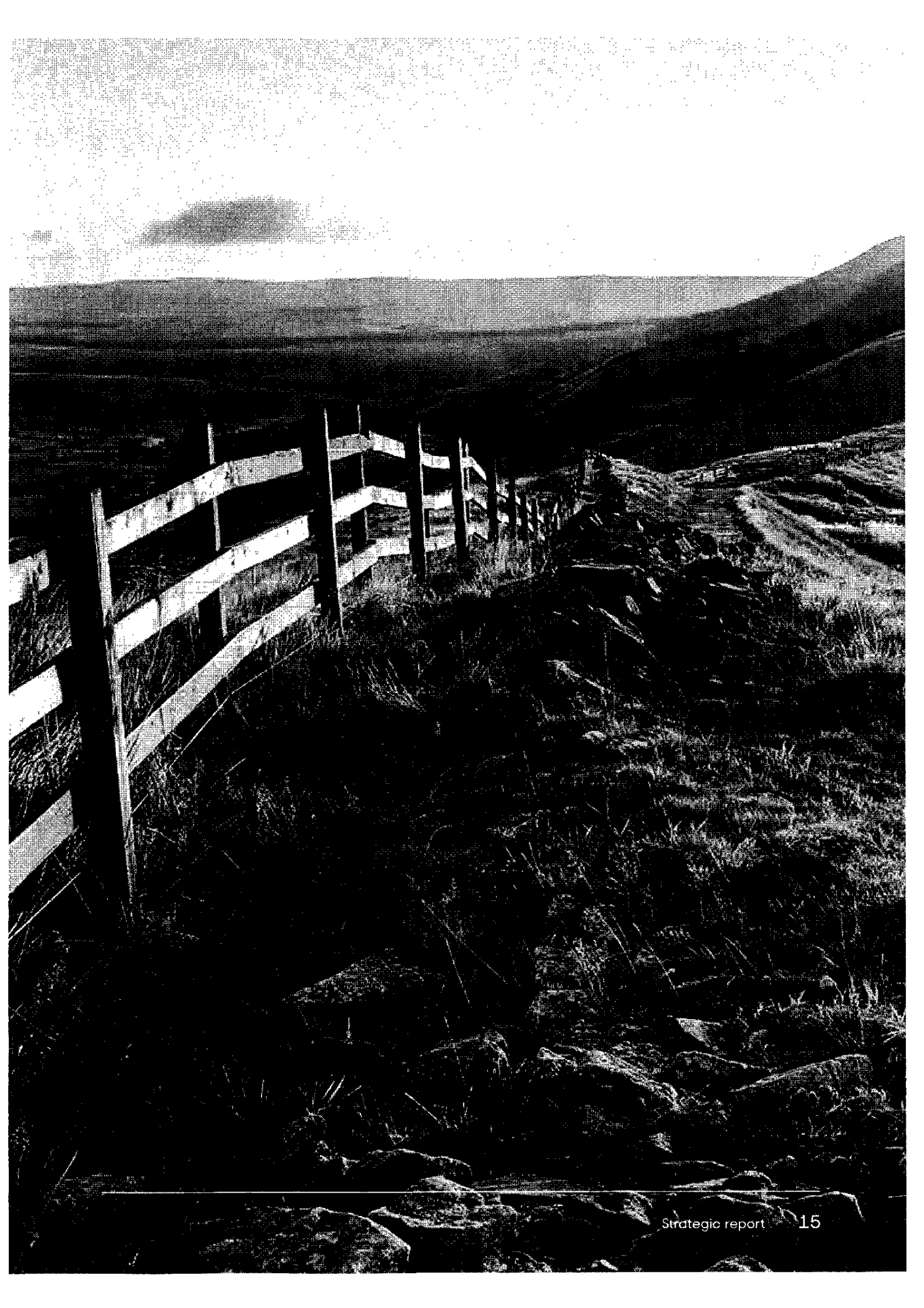
## Final thoughts

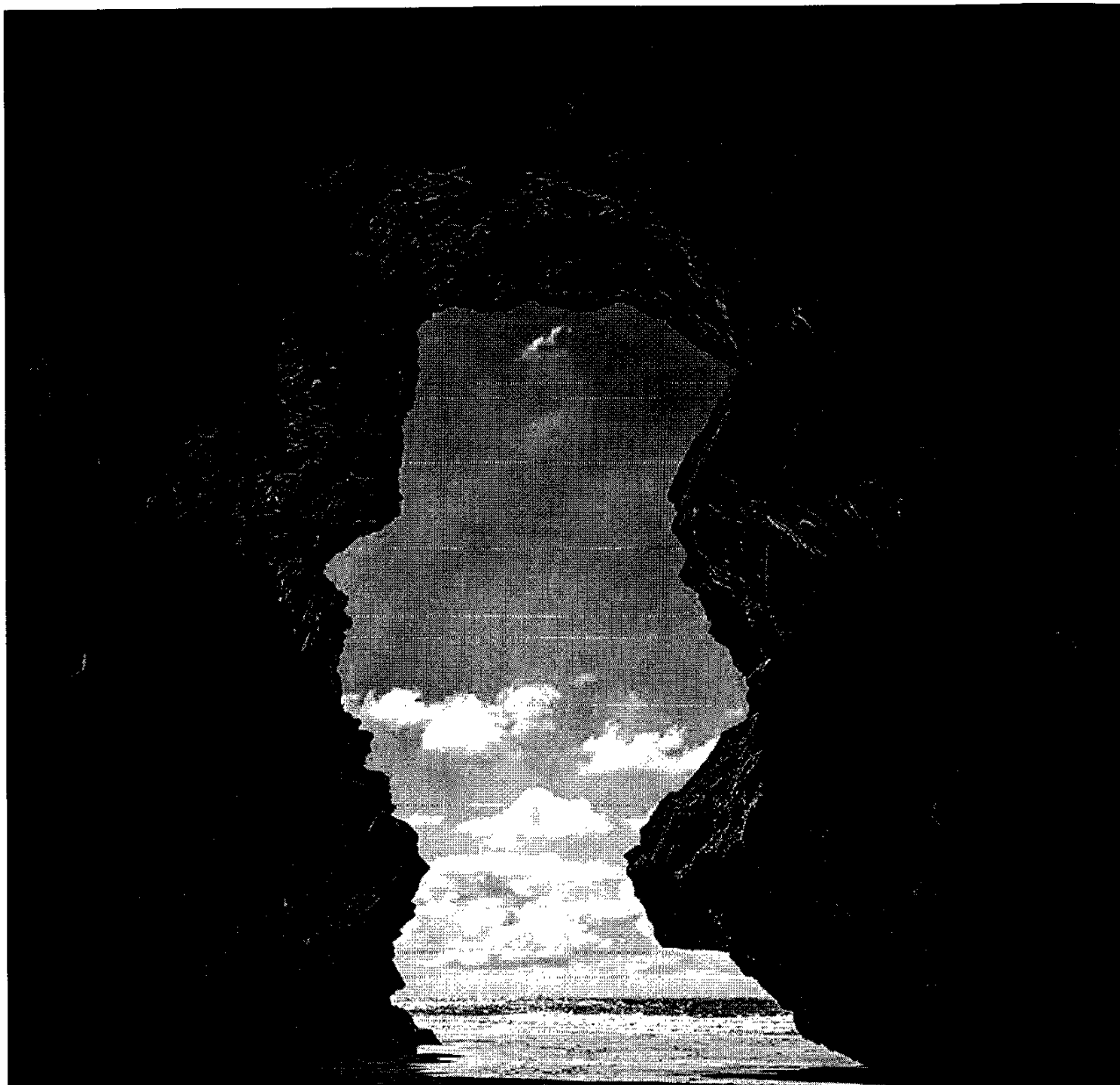
Our future is exciting. Our plans are clear and on track, and we have the right people, equipped with the right tools to deliver them. We are optimistic, too. Aware of the challenges facing our industry, we have the operational know-how and financial foundations to meet change, weather storms and emerge stronger than before.

## Juliet Davenport

Chief Executive  
1 May 2019







"i have always had good service from good energy and am delighted to have a supplier using 100% renewable electricity. with current environmental issues, that is surely a big priority: i am grateful to good energy for taking a lead in the crucial move away from fossil fuels."

**Gwen**

# domestic customer feedback

We're committed to providing friendly, expert customer service. In 2018, we encouraged our customers to review Good Energy on Trustpilot and were proud to achieve an overall 4\* rating. Here's what some of them had to say about us:

"problem free  
service, providing  
energy while protecting  
our planet, our only  
habitat."

**Andrew**

"we are long-time  
customers of good energy  
and are very grateful for  
the provision of a service  
that makes a difference."

**Julie**

"well organised folk  
who you can actually  
talk to, and it's all  
ethical. what more  
could you want?"

**Jan**



# strategic review

2018 was a pivotal year in the energy industry. A shifting and competitive market, further regulation coming into force and the continued development and introduction of new technologies all influence the environment in which we operate.

Energy, or rather how it's controlled and consumed, is shifting. The future of energy is moving more towards how we generate and use it in our own homes and businesses. This means that the energy market is changing. More suppliers, more tariffs and more choice, but with a fundamental shift at its core: decentralisation.

Decentralised energy flips the power balance, as households and businesses begin to generate, store, manage and sell energy rather than simply consume it. People are increasingly energy aware. Solar panels are more affordable. Smart meter innovations are allowing homes and businesses to track and manage consumption. Newsworthy price hikes, and a proliferation of price comparison sites and switching services, mean people are paying more attention to their bills, too. And across society, we are waking up to environmental challenges, with greater awareness of personal and corporate environmental footprints.

At Good Energy, we continue to support and invest in localised energy generation, as the only UK energy company with more home-generation customers than supply. From using digital innovation to help UK households and businesses manage their energy usage more efficiently, to empowering more people to generate, store and share clean power, we are leading the charge towards a cleaner, distributed energy system.

## Our market

### Competitive Landscape

The wholesale market continued to be volatile in 2018, driven by rising costs and significant demand spikes at the beginning of the year as the Beast from the East took hold.

This trend of rising wholesale costs continued what we saw at the end of 2017, informing our decision to implement a price rise earlier in 2018 than we had in the years before. This allowed us to plan ahead and purchase our power accordingly – enabling us to provide our customers with clarity for the year ahead, rather than implementing multiple price rises reacting to commodity market movements.

The price competitiveness in the domestic retail market that erupted in 2017 continued in the early stages of 2018. This, alongside rising commodity costs, resulted in several suppliers increasing their prices multiple times throughout 2018. Their customers

faced rising bills and limited service. Despite this, twelve suppliers have gone out of business since the beginning of 2018. While this result is not entirely unexpected, it is customers who have lost out significantly. We have always believed that customers should be protected in the energy market, and that suppliers should have the right levels of experience, expertise and desire to operate within it.

### A shifting focus on business

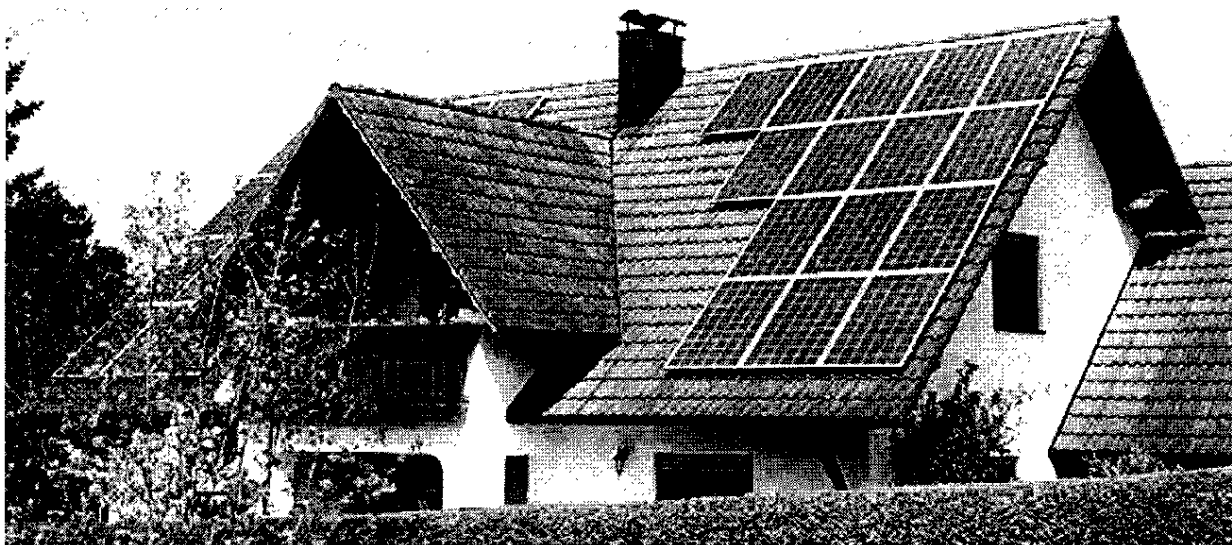
Customer numbers remained broadly flat in the period, increasing by 0.2% to 259,863. Within that, we saw a continued shift in customer mix in line with our ambitions to focus on the business sector. Domestic customer numbers fell by 3.4%, while business customer numbers increased 4.6%.

This refocusing from domestic to business resulted in our overall customer volumes increasing by 3% in 2018. Domestic volumes were down 1.2% in line with customer numbers, while business volumes increased by 23%. This is a trend that we expect to continue into 2019.

Our overall customer mix for 2018 was 53% domestic customers to 47% business customers (in 2017 it was 55% domestic to 45% business). Domestic supply volumes (gas and electricity) represent 73.9% of total volumes, down from 77.1% in 2017, while business supply volumes represent 26.1% up from 21.8% in 2017. This is as expected, and we believe that business customers and volumes will continue to grow in 2019 and beyond.

The business market is driven more by customer services, trust in a quality renewable product and our ability to deliver a more tailored service for businesses. This creates a wide range of potential customers to engage with, particularly in the SME





sector. While we're not moving away from our historic core business of domestic supply, volume and customer number growth will be driven by the business market. We have a clear policy focused on delivering profitable growth, built around a fair price and better service.

## Regulatory and political changes

### Standard variable tariff price cap

The domestic market saw one of the most significant regulatory changes confirmed in 2018. Effective from January 2019, consumer prices for electricity and gas supplied through variable tariffs have been capped at rates set by the energy regulator, OFGEM. The first capped period is 1st January 2019 to 31st March 2019. OFGEM has already implemented a further price rise of over 10%, effective as of 1st April 2019 and will continue to review the cap at six monthly intervals thereafter.

As with all Good Energy tariffs, our variable electricity and gas tariffs directly support renewable generation across the UK. In recognition of this (among other factors) OFGEM agreed that the price cap did not apply to our variable tariffs for electricity and gas for the first capped period. OFGEM is continuing its work to assess whether the price cap should apply to our variable tariffs in future and has confirmed we are exempt from the cap until at least 1st September 2019.

We will continue to work with OFGEM with the aim of securing confirmation that the price cap will not apply to our variable tariffs for subsequent capped periods.

### FIT scheme

On 19th July 2018, the Government confirmed that the FiT scheme will be closing its doors on 31st March

2019. While FiT payments will continue for existing customers for up to 20 years (25 years in some cases), it will be closed to all new entrants.

We will 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.

### Our business strategy

In 2018, we described how the old model of energy production is evolving to a new generation of energy services, with customers and technology driving this change. We believe this is an opportunity to invest further in our proven capability and skill sets, to take the lead in this new energy world.

Influenced by a growing awareness of the environmental impact of energy, market research indicates that our target market is broadening. Caring about ethics and the environment is not just for "Eco Warriors". A growing number of "Eco Warriors", both customers and businesses, want to be part of a movement to "do the right thing", but in a way that is straightforward and efficient. The customer experience is therefore crucial. A broader proposition using digital technology to deliver simple, straightforward service is the answer.

### A brand delivering on our purpose

In the second half of 2018 we released a new marketing campaign, as part of our ongoing investment across the business. The campaign positioned choosing clean power as another simple way for people to do a good thing for the environment, alongside everyday actions such as recycling and avoiding single-use plastic.

Our research behind the campaign revealed that, even though 85% of people have good 'green intentions' only 45% act on these intentions. So we wanted to demonstrate that switching to clean power is not only one of the easiest ways to help tackle climate change, it's also one of the most significant.

The campaign has had a big impact, with over 34 million impressions across social media channels; 7 million views on YouTube; and has lead to an incremental 95,000 visits to our website and over 7,000 further quotes as a result. All helping to connect a wider audience with our story, our passion and our purpose.

To bring our purpose to life, we are making clean energy the natural choice. And to do this, we aim to make the customer experience of Good Energy as straightforward as possible. Whether that's through making switching and billing as seamless as it can be, having simple tariffs or working to meet all our customer's energy needs in an integrated service. 2018 saw us progress towards this goal: our billing cycle returned to over 99%, our new app was launched with a pilot set of customers and our investment in Zap-Map was another step towards creating an integrated energy journey.

As we move into 2019, we will continue to provide a wider range of energy services for our customers, employees, shareholders and stakeholders.

#### **Energy services – the business model**

We see the future of our business being focused on technology-enabled energy services, which will facilitate the sharing of clean power for all.

Our journey so far has taken us from a business built on generation and supply to making the first steps into energy as a service. Our vertically integrated model allows us to interact with customers throughout this entire chain. From generating power to consuming clean energy, all the way through to how they monitor and manage their individual energy consumption.

In 2019, we will continue to build on our new product development, roll out SMART technology and drive into complementary markets to bring this business model to life.

#### **New product development and technology**

SMART technology is the gateway to our future suite of energy services. We are now approved to be in pre-pilot and will be rolling out to our full customer base later in 2019.

We had previously decided not to roll out SMETS1 meters due to the commercial interoperability challenges this technology faces. It isn't environmentally responsible to install meters that could turn 'dumb' when a customer switches and potentially be scrapped and replaced.

Instead, our planned SMART programme, based on second generation SMETS2 meters and other advanced integration technology, will give our customers the option to monitor energy usage via an app on their smartphone. This will eliminate the need for a display in the home, further reducing waste and the associated environmental footprint.

Our vision for the future is to see energy as a service, enabled by SMART technology. Our pipeline of new products will continue to enhance our overall customer propositions. We are driving these forward through projects with our strategic partners, which you can read about on pages 24–25.

#### **Our investment in Zap-Map**

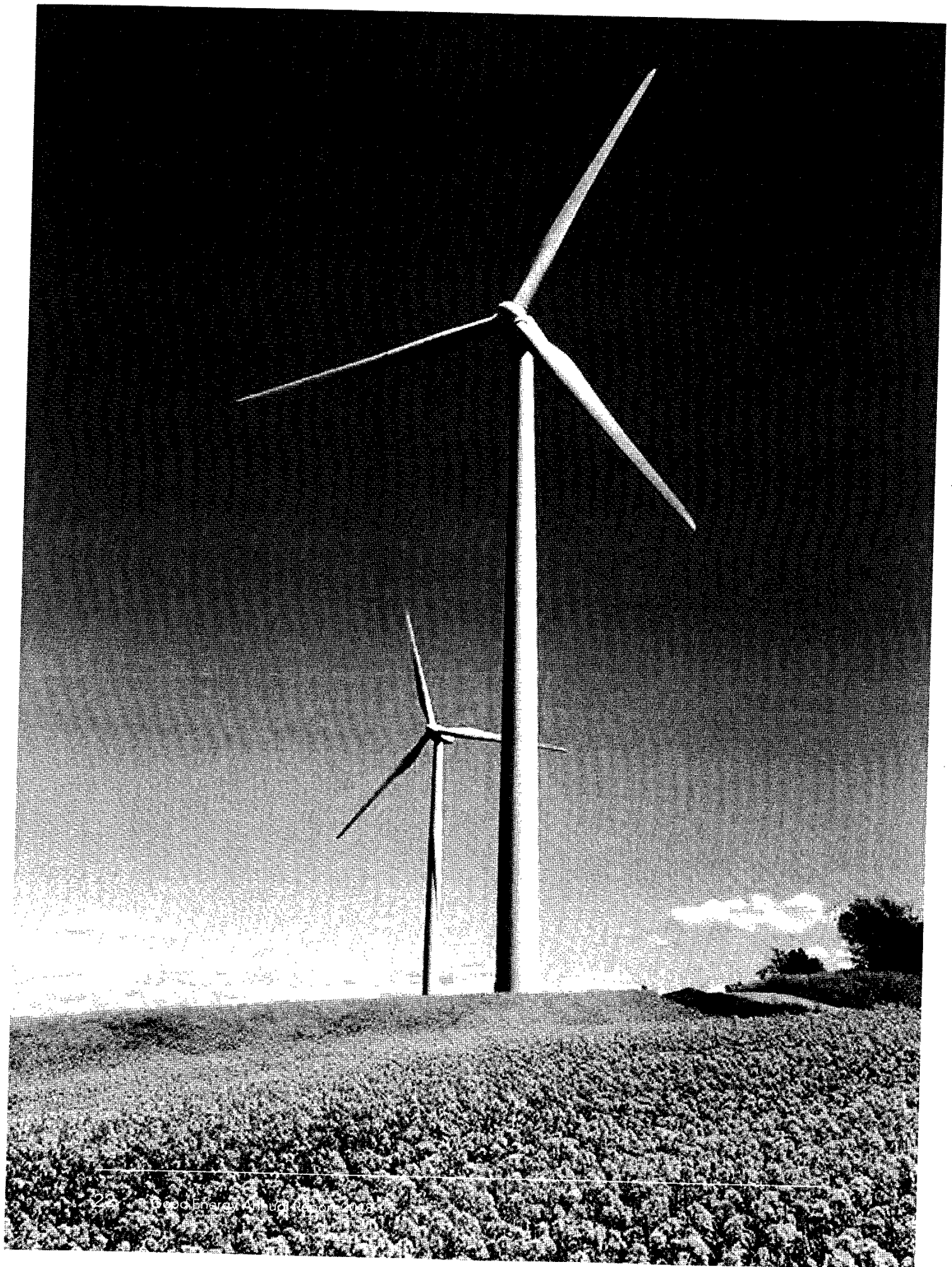
In March 2019, we announced a strategic investment in Zap-Map, a Bristol based EV data platform. This is an investment that supports the growth of EVs in the UK and allows us to be part of that market.

Zap-Map is the go-to app for Britain's 200,000 electric vehicle drivers – helping with planning routes, identifying charge points, checking their availability and sharing power. Its 70,000 regular monthly users have more than 11,000 charging devices to choose from across the UK including service stations and car parks, retail sites and private driveways. The ability for households and businesses to opt to share electricity with other Zap-Map registered drivers – setting access times and charging costs and accepting secure peer-to-peer payments through the app – aligns with our localised power strategy.

In the future, we will be working with Zap-Map to integrate this power sharing feature seamlessly alongside energy tariffs, billing process and overall energy consumption analysis. Our ability to integrate both supply and energy services for our customers is a vital next step on our energy journey.

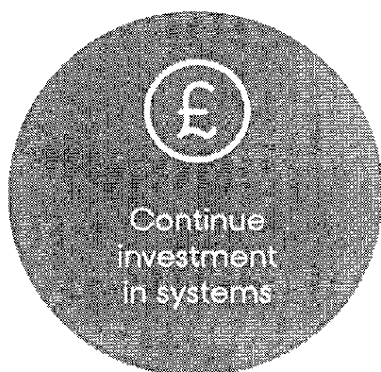
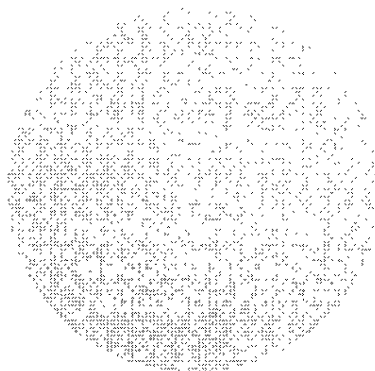
Data and digital capability linked to new energy technologies will be the key to the future low carbon market. We are looking to build on our existing position by continuing to invest in this in 2019 and beyond.



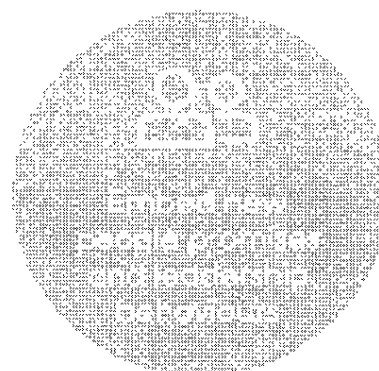
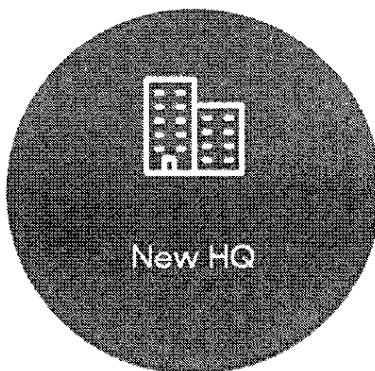
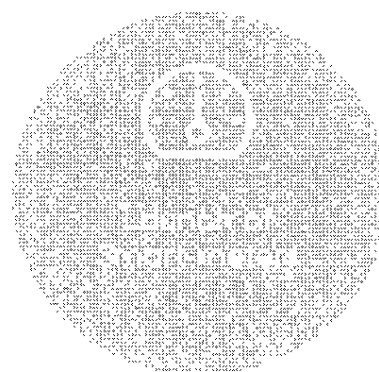




# our focus for 2019



EV for domestic  
and business



# partnerships and new product development

## Zap-Map

**Accelerating towards the electric vehicle future.** We are investing in the electric vehicle charge point app, as part of our move towards a localised power future. Joining forces with Zap-Map is an important step on our journey towards making energy more localised. It reflects the changing way in which people live with energy. Rather than simply consuming it, more and more households and businesses are beginning to generate, store, sell and share. Electric vehicles are a huge catalyst for that change, making power more tangible than ever before. Our partnership with Zap-Map will help the company accelerate its exciting new products.



## Eden Project

In 2018 we extended our partnership with the environmental educational charity, Eden Project. After having announced plans to install our first battery project at their HQ in Cornwall, we became the official energy partner of the Eden Sessions – a series of live concerts held each summer. As well as powering the events, we set up an experiential feature for people to engage with and learn about renewable clean energy and climate change.



## London School of Economics

**Encouraging environmentally friendly behaviour.** LSE has teamed up with Good Energy on a field experiment to test how promotional images, peer behaviour and referral incentives can encourage communities to adopt green energy. A number of our domestic customers have been invited to join the research programme, where they'll be asked to promote their choice of energy supplier using items such as garden signs and window stickers, with the aim of exploring whether this influences their surrounding communities to also choose green energy.

## HAIVEN - Home as a Virtual Energy Network

We are working together with Honda, Upside Energy and Salford University to test how EVs can impact home energy efficiency. The tests are taking place at Salford University's Energy House - the only full-scale building built inside a fully environmentally controllable chamber in Europe. The project will explore how an EV battery could be attached to home energy systems such as solar panels, heating and hot water.

## BestRes

**Exploring household energy management.** Our Home Innovation Trial is part of the Europe-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. We then analysed the data to establish baseline consumption profiles, which allowed us to see the savings each household could make by changing their usage behaviour.

Throughout the trial, we used the data to create engaging content to educate people about where they were using the most energy. The trial entered its final stage at the end of 2018, in which the households were encouraged to turn their new insight into energy-saving action.

# corporate responsibility

Good Energy was set up in 1999 with a clear purpose: to power the choice of a cleaner, greener future together with our customers, people, generators and investors.

As an organisation founded to tackle climate change, environmental and social responsibility are at the core of our business. Our 2018 Purpose Report covers what we're doing to achieve our purpose in more detail, and is available on our Group website, [group.goodenergy.co.uk](http://group.goodenergy.co.uk). This section includes some key details from the report.

## Our customers

We're proud that over 80% of our bondholders and a significant amount of our shareholders are also Good Energy customers. We cannot achieve anything without our customers, and their commitment to our purpose is crucial. So we introduced a number of customer promises to make sure they're at the centre of everything we do.

**Aware** – changing society's conversation about energy. This includes raising awareness of our brand and the benefits of clean power.

**Evaluate** – simply explaining why what we do is good. We tell people about our power sources and how we purchase it, making clear information about our service available through our website, blog, social media channels and customer newsletters.

**Onboard** – making it simple to join. We have invested in our digital customer touchpoints, including rolling-out our Feed-in Tariff online application form after listening to customer feedback. We're also proud to have brought plenty of new businesses on board

since 2017. Go to pages 32-33 to see why some of our business customers chose Good Energy.

**Service** – earning trust and being helpful. We're as focused on looking after existing customers as acquiring new ones. This year we extended our Customer Care opening hours to make it easier for people to manage their accounts.

**Retain** – offering new products and services. From developing our new app to readying our SMETS2 meter roll-out, in 2018 we pushed forward with new services for our customers. We're also partnering with research organisations to investigate the ground-breaking renewable technologies which will inform the products and services of the future. Find out about some of our projects on page xx.

**Advocate** – helping customers feel proud of their choice. We support a number of organisations that are advocates for sustainability, and make sure our customers are aware of the good they're doing by choosing clean power.

## Our people

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. You can see our 2018 purpose and value award winners on page 28.

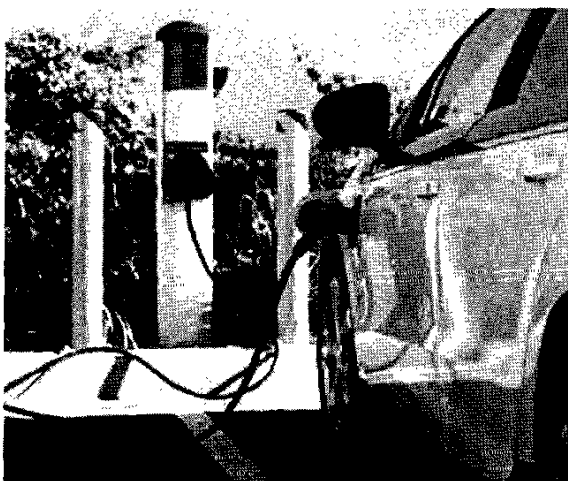
To help bring our values and culture to life, in 2018 we appointed over 30 Culture Champions from across the business. They will play a key role in developing our people policies, infrastructure, employee engagement initiatives and more.

A key new working initiative we've focused on is increasing our people's ability to work flexibly and remotely. We believe this promotes productivity, wellness and supports people to manage busy lives. And, by reducing travel to the office, remote working will bring down our carbon footprint. Our carbon emissions are detailed in our 2018 Purpose Report.

## Health and wellbeing

At Good Energy, we want to make sure mental health is recognised as being as important as physical health, and that people feel comfortable asking for support when they need it. In the past year, we teamed up with Mental Health First Aid England to train people across our business to be able to offer support. We've also provided mental health awareness training to all our leaders and managers.

To support our people's wellbeing, we offer benefits including: lunchtime sports clubs, subsidised local gym membership, showers and bike lock ups to support





From left to right, Nemone Wynn-Evans – Non-Executive Director (Independent), Juliet Davenport – Chief Executive Officer, Sarah Morgan – Customer Services Director, Françoise Woodward – People and Culture Director, Emma Tinker – Non-Executive Director (Independent)

active travel to work, as well as a health insurance scheme which gives people some financial support towards medical and other wellness treatments. And at the office, people can help themselves to free, fair-trade fruit.

#### **Fair pay and equality**

We're committed to tackling our gender pay gap and making sure we have an equal gender balance at all levels of our organisation. 40% of our board and executive team are women. This high percentage of women in senior roles is unusual for the energy sector and a fact we are proud of.

#### **Reducing our environmental impact**

Our new HQ will reduce our environmental impact and accommodate our growing business. Due to be completed in 2020, it will include rooftop solar panels, low energy LED lighting and 40 electric vehicle charging points.

In 2019 we are introducing a Green Travel Allowance, which you can read more about in our Purpose Report.

#### **Our communities**

##### **Supporting independent generators**

We source our power from over 1,400 independent renewable generators spread across the UK. They use wind, solar, hydro and biogeneration technology to generate 100% renewable electricity. This year, as well as adding more solar and wind power, we've expanded the number of biogenerators in our portfolio. These include landfill gas sites, which capture the gas given off by food waste and burn it to generate electricity.

At Good Energy, we're committed to paying all our generators a fair price for their power. This is influenced by the wholesale price of energy, which can go up and down. In 2018, we launched our PriceTrack service, which allows generators to agree a realistic power price that they'd like to achieve. We then monitor the wholesale electricity markets and let the generator know when it reaches their goal price, to allow them to lock in a good rate for their Power Purchase Agreement (PPA).

##### **Giving back to the community**

In January 2018, we were pleased to hand one of our solar sites, Newton Downs Farm, over to a community energy group.

We still own and operate six solar and two windfarms, providing the communities around these sites with annual benefit funds on a '£ per kilowatt' formula that rises with inflation. Each community's fund is administered by a committee of local people, who allocate funding to charitable and community projects.

##### **Supporting our local area**

We are one of the biggest employers in our home town of Chippenham and are always exploring ways to have a positive impact on our surrounding community. For example, we're proud to sponsor Chippenham RFC, a fair and inclusive club whose values closely match our own.

As one of the only UK energy companies with a female CEO, encouraging girls into science, technology, engineering and maths (STEM) related careers is a cause we're passionate about. We've teamed up with award-winning social enterprise, Stemettes, to do just that.

# our people

Each year, we invite our people to nominate colleagues who deserve recognition for brilliant work. Below are some of the people who have been awarded for bringing our Good Energy values to life and going above and beyond in their roles.

Fair

Straightforward

Inclusive

Determined

## Determined & inclusive

**Helenna from our IT & Digital team was awarded for consistently demonstrating determination and inclusion in her role.**

"Combined with her commitment to advancing 'Women in Tech' in Good Energy, she has used her initiative in building networks across the industry; understanding and championing better practice and advancing the cause internally. Her latest initiative is the establishment of a 'Coding Club' to give everyone the opportunity to develop IT skills, tap into the potential of the workforce and open a pathway to potential career changers".



## Inclusive

**Steve in the Finance team was awarded for always being inclusive.**

"A fantastic asset to the team - his enthusiasm to be involved while providing an aura of calmness has led him to be at the forefront of a number of key projects. Supportive to everyone; offering words of kindness and wisdom."



## Determined, inclusive, fair & straightforward

**Toby, our customer services learning and development manager, was awarded for representing all our values in his day to day role.**

"Always committed and dedicated to demonstrating our values; ensuring individuals have the best start to their employment at Good Energy. Toby has delivered a huge amount of high-quality training for Customer Services & has improved our selection processes which has resulted in higher percentages of people passing their probation".



## Determined & inclusive

**Bradley works in the Feed-in Tariff customer services team and was awarded for being determined and inclusive in his role.**

"Consistently delivering on all the tasks he is given. Never works a day without a smile on his face; never phased by the amount of workload and continues to learn and grow in his role. An absolute pleasure to work with".



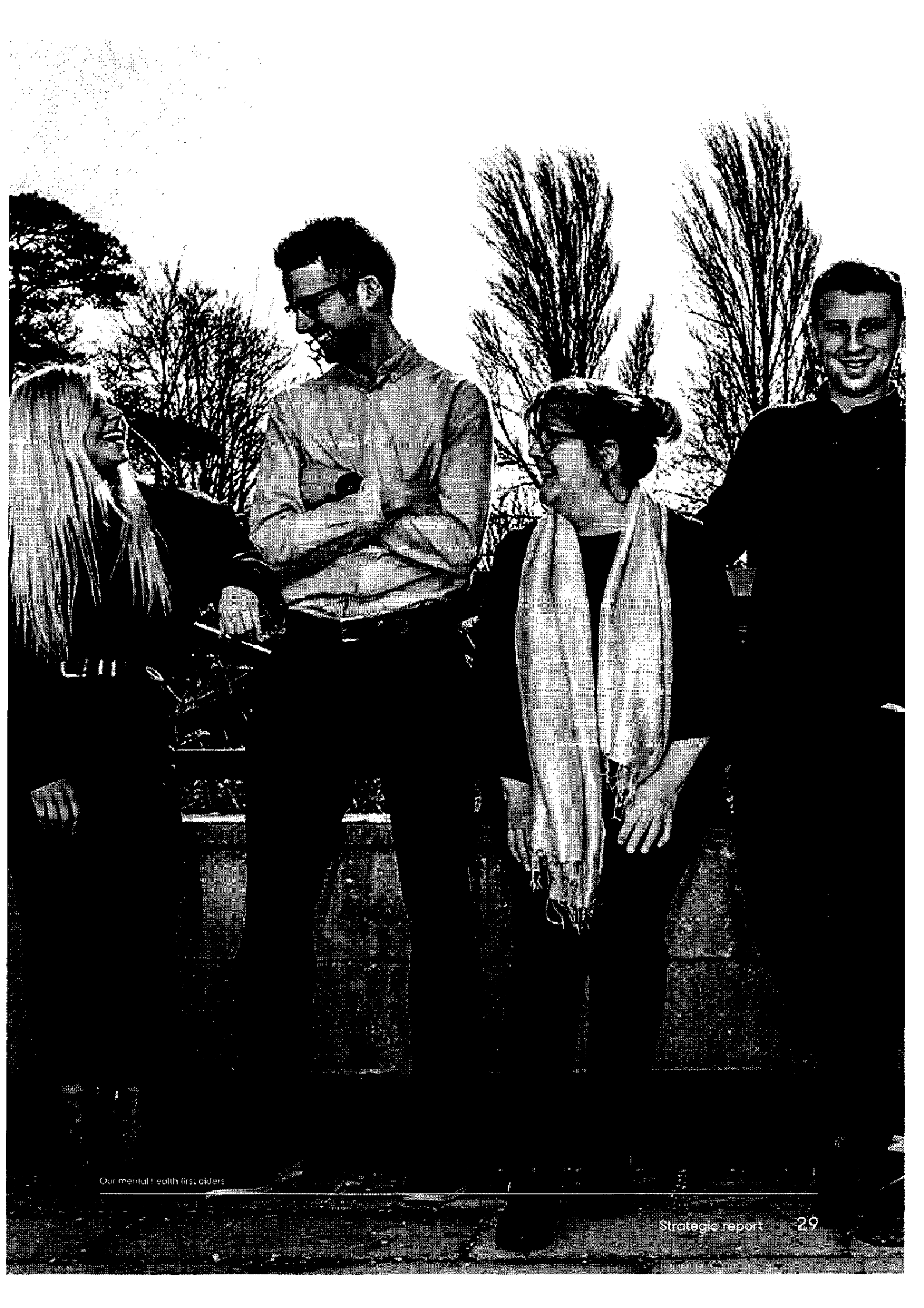
## Determined & fair

**Jennifer from the customer services team was awarded for consistently providing fantastic customer service.**

"A great teacher & motivator. Her determination to make every customer's day great is a credit to how hard she works day in day out."







# operating review

## What we do

Good Energy was founded in 1999 by Juliet Davenport OBE with the ambition to tackle climate change by generating and investing in renewable energy. Our purpose is to power the choice of a cleaner, greener future together with our customers, employees and investors.

Since we started, we have been supplying clean power, sourced from our own generation assets and from independent, UK-based renewable generators. We pioneered a more localised approach to energy by supporting home generation, launching the HomeGen scheme in 2004, which then became the blueprint for the Feed-in Tariff.

Today, we continue to support localised energy generation, as the only UK energy company with more home-generation customers than supply customers. From using digital innovation to help UK households and businesses manage their energy usage more efficiently, to empowering more people to generate, store and share clean power, we are leading the charge towards a cleaner, distributed energy system.

## 2018 performance highlights

In 2018, we delivered a good performance against our wider business objectives and our customer promises. These promises focus on engagement, onboarding, service and retention as the underlying principles for putting customers at the heart of sustainable business growth.

### Engage

**Grow business sales in the SME sector with an upskilled team; better systems and data; and improved customer experience. This year the marketing team will focus on lead generation for the business sector.**

Retention rates continue to be high as the business focuses on profitable and sustainable growth. When it came to engaging new customers, our overall business supply customer numbers grew by 4.6% to 122,210. The business supply market performed well as a result of increased investment in our team, resources and overall capabilities. Our focused growth in the SME sector saw our business supply customers increase by 39.8% to 6,347. This targeted approach to growing our customer base was supported by our implementation of a new Customer Relationship management (CRM) system from market leader Salesforce.

Looking ahead, we will focus on acquiring customers in a targeted way that allows us to grow sustainably while improving retention rates and maintaining margin. We will achieve this by having an effective marketing plan and a brand promise that engage customers and drive brand awareness. We will also enhance customer experience of Good Energy through developing our digital proposition, including launching our new app and improving our online portal and switching tool.

### Onboard

**Strengthen our FiT services business through growing retail customer numbers, and increasing portfolio switching for business and portfolios customers.**

Our FiT services business had a strong year, with customer numbers increasing by 6.0% to 152,244. Our domestic FIT business increased by 16% to 36,471 customers, while our business FIT increased by 3.2% to 115,773 customers. Throughout the year we improved our FiT offering, including rolling out our digital self-serve onboarding platform. With the FIT scheme closing to new entrants on 1st April 2019, we will continue to serve our existing customers, enhance our propositions and grow our market share.

### Service

**Develop our digital platforms and data strategy to underpin our customer offering.**

In 2018, we made significant investment in our digital capabilities. David Ivell was appointed as Chief Technology Officer in June 2018. David brings the experience and expertise to deliver our new digital strategy, which includes investing in new technologies and systems to enhance the customer experience by improving our digital products, services and operating systems. From adopting an 'agile' operating model to adding new roles and skills, our IT and digital teams are well placed to achieve these goals.

Internally, we upgraded equipment and launched new software such as Microsoft Office 365 and Skype to help our people work better together. Introducing Power BI, a business intelligence tool, is helping us see data across the business in a new way – supporting us to provide increased service for our customers. Alongside this, we continued to roll out improvements across all our customer touchpoints.

Develop a product delivery team dedicated to bringing new propositions for energy services to the market.

Our product development team has continued to build our energy services capability while developing a pipeline to unlock the opportunities of the future.

SMART meters are the foundation of our future suite of energy services, with our roll-out of SMETS2 meters beginning in 2019. We delayed the roll-out of SMART so that we could provide our customers with the best available technology, which can be integrated throughout their homes. Our SMART programme will enable customers to monitor energy usage via a smartphone app, eliminating the need for an in-home display and its associated environmental footprint.

Alongside SMART, we have been working with partners to develop future products. These include our battery storage projects with the Eden Project; working with Honda and the University of Salford to explore how EV batteries can become part of a home energy network; and taking part in the Europe-wide Best-Res project to research the impact of consumer behaviour on energy usage and how to better integrate renewable generation into energy grids.

#### Retain

**Retain customers and enhance the brand through better propositions and improving customer service and experience.**

In 2018, total customer numbers increased by 0.2% to 259,863, in line with our overall expectations. We focused on growing our business customer base, which grew by 4.6% in the period. The domestic retail supply market remained highly price competitive. Having previously outlined that we would not engage in a price war for customers, we saw our domestic customer numbers decrease by 3.4%.

Customer services received investment in 2018 in terms of people, skills and technology. Sarah Morgan joined us in June 2018 as Customer Services Director, bringing digital customer experience and service expertise from past roles with OVO and ASOS. Sarah's leadership, along with our billing consistency increasing to over 99%, have already had tangible results: positive feedback from customers has seen our Trustpilot score increase to 4\*.

Marketing and communications also saw increased investment, with Paul Tavener joining as Marketing Director in May 2018. Paul has brought proven experience from the retail sector, with previous roles including Group Brand Director at WHSmith and Head of Marketing at Sainsbury's. Paul's extensive customer marketing experience helped launch our new marketing campaign in H2 2018.

#### Supply

Supply revenue increased by 13.7% to £113.0m, driven by strong growth in business customer volumes. Electricity revenue increased by 16.5% to £80.1m, gas revenue grew by 9.7% to £28.0m, while FiT administration revenue fell by 3.0% to £4.9m. This was despite customer number growth, and reflected a large number of initial customer registrations in 2017.

Supply operating profit increased by 60.8% to £5.7m (2017: £3.5m). This increase was due to extreme weather conditions at the start of the year driving up business and domestic gas volumes, along with our domestic price increase earlier in the year.

In 2018, the total volume of all energy delivered to customers grew by 3.0% to 1.09 million MWh (2017: 1.06 million MWh). We achieved significant growth in business electricity supply volumes of 19.9%. The competitive environment and high switching rates across the market led to broadly flat growth in the retail business by volume and by meters. Our strong customer service and reputation in the FiT market enabled us to grow FiT customer numbers by 6.0%, to 152,244 in total.

#### Generation

Good Energy owns and operates eight renewable energy facilities across the UK that deliver 100% renewable electricity to the UK electricity grid. We have six solar sites and two wind farms, with a total of 47.5MW of installed capacity in our continuing generation portfolio.

As outlined in 2017, we have stopped developing further renewable assets. While we have been successful in creating, utilising and monetising energy generation assets, the market has moved in favour of large-scale developers with better purchasing power for renewable assets and access to low-cost finance.

The removal of government subsidies for many renewable energy technologies does not affect the financial performance of Good Energy's existing generation sites.

# business customer feedback

## Innocent drinks

**The UK's number one smoothie brand, Innocent Drinks, has been a Good Energy customer since August 2017. As well as making drinks that taste good, they want their business to do good, too.**

"It's imperative that everybody does something, even if it's just a small thing like taking the stairs instead of the lift. That's why we chose for our offices to be powered by renewable electricity. It's part of our commitment to do our bit to keep climate change below 2 degrees."

"good energy really came out to be the most approachable energy provider; and working with you has felt really natural."



## Neal's Yard Remedies

**Neal's Yard are pioneers of natural health and beauty, using organic, plant-based ingredients in their remedies. A Good Energy customer since November 2016, they're committed to lessening their environmental impact.**

"for us, it's about using the cleanest energy that we can. it fits in with our desire to have a positive effect in everything that we do."

## Watergate Bay Hotel

Set beside the sea in north Cornwall, Watergate Bay Hotel is a luxury retreat that describes itself as a ski resort on a beach. The hotel has put sustainability at the core of their business, and we've been supplying them since 2013.

"We have regular meetings where we talk about the new technologies that are available to help us manage our usage; and also what innovations are coming in the world of energy conservation that we might not be aware of but Good Energy can be our experts and lead us in that road. Working with Good Energy is great for us, because it's a business that reflects our values back up through our supply chain."



"if you have the ability to walk lightly across the earth and not leave too many footprints in your wake, i think that's a very positive thing."



## Soil Association

A partner of Good Energy for four years, the Soil Association is a UK charity and organic certification body that campaigns for healthy, sustainable food, farming and land use.

"To be powered by 100% renewable electricity is an obvious choice for the Soil Association. Now that we have our own building and we have the ability to choose our energy supplier, Good Energy is a natural fit to be able to do that."

"It means that we are able to live our values of sustainability."

We're delighted to have other new businesses on board and you can read about more of them in our **2018 Purpose Report**.

# key performance indicators

Good Energy measures its progress with a number of key performance indicators (KPIs). In 2018, we've added employee retention and carbon emissions, reflecting their continued importance as indicators of value as well as staying true to our purpose.

Further detail on the factors driving the KPI performances below is set out in the Chief Executive, Financial and Operating Reviews within this Strategic Report.

## Customer meter growth

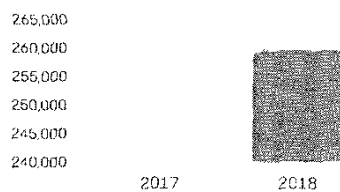
Measures how we have grown total customer meters



**0.2%**

2017: 4.3%

### Customer meter growth



## Business customer volume growth

Measures the growth in energy consumed by business customers



**23.2%**

2017: 46%

### Business customer volume (MWh)



## NPS

Measures how likely a customer is to recommend Good Energy



**>46**

2017: >46

### NPS



## Revenue growth

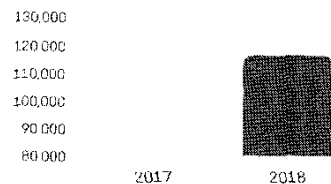
Measures how we have grown total customer meters



**£116.9m**

2017: £104.5

### Revenue growth (£)



## Gross margin

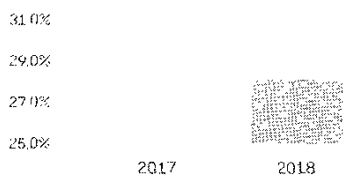
Measures profitability as a proportion of revenue after the cost of sales



**28.6%**

2017: 28.1%

### Gross margin (%)



## Operating margin

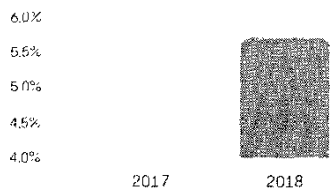
Measures profitability as a proportion of revenue after operating costs



**5.7%**

2017: 5.4%

### Operating margin (%)



1. Total installed customer meters and FIT installations as at 31 December

2. In 2017, the company did not complete a NPS survey for the total business due to the restructuring and reorganisation changes being undertaken in the year, however completed an NPS survey among FIT business customers. This 2017 score reflects FIT Business customer NPS

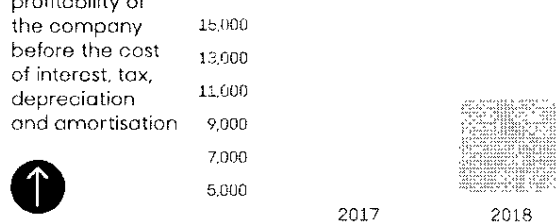
3. Revenue, Margin and EBITDA figures reflect continuing operations



## EBITDA

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

## EBITDA (£)

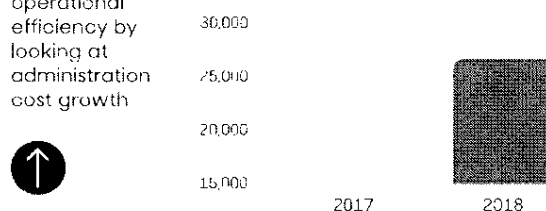


**£10.6m**  
2017: 9.9m

## Admin cost growth

Measures operational efficiency by looking at administration cost growth

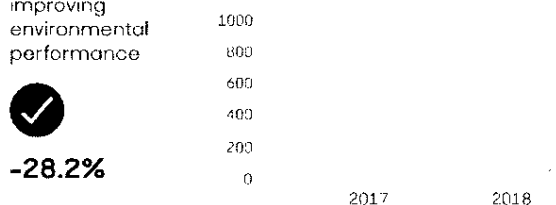
## Admin cost growth (£)



**12.9%**  
2017: 14%

Measuring and continually improving environmental performance

## Carbon emissions (tc02e)

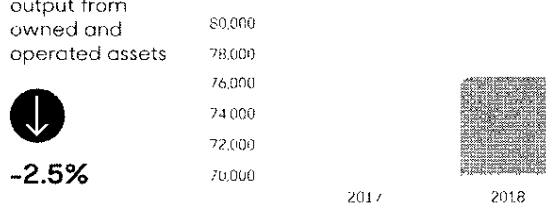


**-28.2%**

## Generation volume

Measures generation output from owned and operated assets

## Generation volume (GWh)

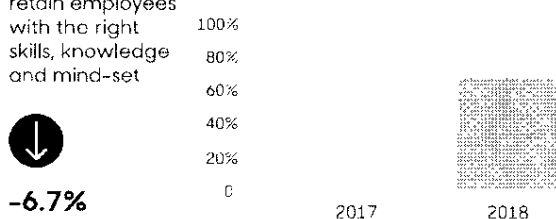


**-2.5%**

## Employee retention

Attract and retain employees with the right skills, knowledge and mind-set

## Employee retention (%)

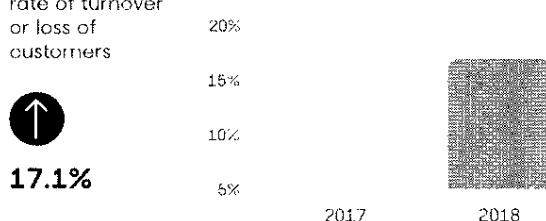


**-6.7%**

## Churn

Reflects the rate of turnover or loss of customers

## Churn (%)



**17.1%**

4. Administration cost including depreciation and amortisation

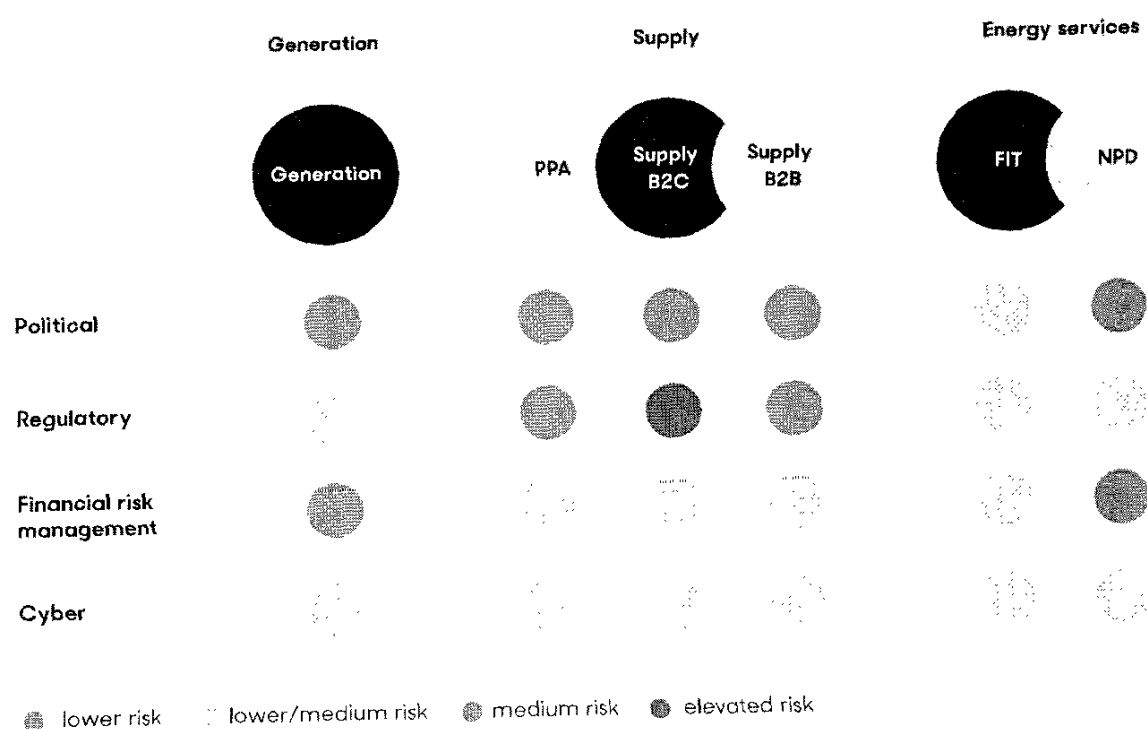
5. 2017 Churn rate for our underlying retail business, excluding the impact of switching under The Big Deal.

# 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: Our Supply business where we serve over 250,000 domestic and business customers to 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 provide 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.

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% green 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.

## Principal risks and uncertainties

**Political risk:** The government has 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). While we are encouraged there is opportunity to secure an enduring derogation from the price cap, there continues to be a risk that we may need to operate in conditions that might require increased capital expenditure, increased operating costs or otherwise hinder the development of the renewable energy industry, through for example a detrimental impact on returns and therefore the attractiveness of the sector. The price cap relates to the domestic supply part of the business only.

**Regulatory risk:** The energy industry is ever 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.

**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 cyber-attack 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.

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

## What have we done?

While the implementation of the SVT price cap is beyond our control, we have worked extensively to try to influence OFGEM and to explain why we should be exempt from the tariff and therefore secure an enduring derogation from the price cap. Evidence to demonstrate customer engagement, active decisions by our customers to be on chosen tariffs and the associated costs of providing green energy has underpinned our position.

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.

In May 2018, GDPR came into effect. The penalty for failing to demonstrate compliance with the new law can lead to fines of up to €20m or 4% of group turnover. GDPR brings with it the requirement for full accountability of data controllers managing and processing data with data subjects having increased rights over how their data is processed by organisations.

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.

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. During 2018, we enhanced our web filter to prevent access to malicious websites and enhanced preventative security to prevent phishing and whaling scams.

# finance director's review

## Profit and loss

Revenue increased by 11.9% in the period to £116.9m (2017: £104.5m). This was driven by increasing our business supply volumes, as well as by a rise in domestic gas volumes due to the extreme weather conditions at the start of the year. Gross profit increased 14.0% to £33.4m (2017: £29.3m), driven primarily by the domestic price rise the company implemented earlier in the year.

Cost of sales increased by 11.0% to £83.5m (2017: £75.2m). This was predominantly driven by a market wide increase in wholesale commodity prices.

Gross profit margin increased to 28.6% (2017: 28.1%) and operating margin increased to 5.7% (2017: 5.4%).

Administration costs increased by 12.9% to £26.8m (2017: £23.7m), primarily because of continued investment in overall capabilities and resourcing. This included a one-off increase in our Expected Credit Loss provision, of £1.4m in the period, and the one-off aged customer credits release of £1.0m.

Finance costs decreased by 10.6% to £4.3m, as we saw the impact of lower borrowing rates and a reduction in overall net debt.

Profit before tax increased by 213.9% to £2.3m (2017: £0.7m).

## Cash flow and generation

Good Energy generated £18.1m cash from operations in a period of billing improvement. This significant increase resulted from us resolving the operational and billing issues we experienced in the corresponding period in 2017. Working capital in the second half of the year benefitted from a warmer than average autumn and early winter.

There was a net outflow of £9.5m from financing activities due to the partial redemption of Good Energy Bond I following the sale of Newton Downs solar site in 2017. The repayment of the bank facility supporting the discontinued development business was also a factor in this outflow.

Following the strong operational cash performance and repayment of our first bond, overall cash and cash equivalents increased by 14.2% to £15.7m (2017: £13.7m) while reducing our overall levels of net debt. Strong cash generation provides the platform for ongoing investment across the business.

## Financial position and capital management

The Group has maintained its robust financial position. We aim to make sure we optimise how we use capital by continually reviewing the returns on our assets, balancing operating requirements, investing in our growth and paying dividends back to shareholders.

## Funding and debt

To support our growth, Good Energy continues to have good access to a range of funding on good terms.

Good Energy Bond I was partially redeemed in 2018, with £3.6m, equating to 45% of existing bondholders, choosing to continue in Good Energy Bond I at a lower rate of 4.25%. £4.3m was repaid in March 2018. Following this repayment of Bond I, interest cost will be around £0.3m lower on a comparable annualised basis. This represents a positive step towards lowering our ongoing financing costs and reducing the gearing ratio over the medium term.

Total net debt decreased by 23.1% to £40.9m (2017: £53.0m) following the bond repayment and strong cash generation. The gearing ratio decreased to 68.5%, down from 74.5%.

## Billing and customer debt

In 2017 there were issues with implementing our new billing system, but it is now fully operational. This has helped our overall billing cycles operate at over 99% and has improved and normalised cash collection rates.

Overall customer receivables have remained flat at £27.5m. Additional billing from higher overall customer volume, with the domestic price rise implemented at the start of 2018, has been offset by collecting debt – the billing of which was delayed through to the start of 2018.

We carried out a systematic review of all outstanding customer balances in the first half of 2018, following the billing delays in 2017. To address these outstanding balances, we have utilised both internal and specialist collections agency resources, as well as improving internal customer services procedures to speed up our collections.

This review highlighted that billing delays had led to deteriorating collection rates for certain customer accounts where debt was outstanding at the end of 2017. As a result of this activity, we increased the Expected Credit Loss provision by a one-off £1.4m in the first half of the year, in respect of these specific segments, reflecting the level of risk outstanding above our normal continuing business.

In the second half of 2018, a new policy for credit write backs was approved by the Board. This states that all credits on final customer accounts will be written back after all reasonable and economic endeavours have been made to contact the customer. The exceptional credit in 2018 incorporates remaining credit balances from previously utilised systems and covers the period from 2003 to 2016. On an ongoing basis, the release of credits will be included within administrative costs.

### Earnings and dividend

Basic Earnings per share from the continuing business increased to 10.2p from 8.1p. Profit attributable to shareholders in 2017 included an incremental £0.6m as a tax credit, which followed a provision against the discontinued generation business.

Good Energy aims to deliver a progressive dividend policy. The policy has the objective of increasing the dividend over time as profitability grows providing an appropriate return to shareholders while also supporting us to invest in long-term growth opportunities. As a result, a final dividend of 2.5p has been recommended, increasing the full year dividend to 3.5p.

Good Energy continues to offer a scrip dividend scheme and will confirm the timetable for payment of the final dividend in coming weeks, alongside circulating notice of its annual general meeting.

In 2019, profits are expected to be weighted towards the first half of the year, in line with cyclical trends and assuming seasonally normal weather and stable commodity costs. Continued investment is planned across the business to drive future growth, including digital and online capabilities, our new HQ and new propositions in EV and battery storage.

Overall, we continue to expect 2019 to be another year of financial and strategic progress for the Group.

### Rupert Sanderson

Finance Director  
1 May 2019







# governance report

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# board of directors



**Joined Board:**  
October 2012

**Responsibilities:**  
Chairman of the Board

Member of Audit & Risk  
Committee

Member of Nominations &  
Remuneration Committee

## **John Maltby – Non-Executive Chairman**

John holds a number of non-executive roles including Non-Executive Director and Chairman of Risk for Bank of Ireland UK and Non-Executive Director and Chairman of Audit and Risk for National Citizens Service Trust. Previous roles include Chairman of the Swedish bank BlueStep Bank AS, Non-Executive Director and Chairman of Risk & Audit for Tandem Bank, CEO of Williams & Glyn, Group Director of Commercial Banking at Lloyds Banking Group and several other senior positions in the financial services sector.

**Skills and Expertise:** Has a wealth of experience with small businesses and publicly listed companies and a reputation for delivering growth, which is invaluable to the Company as it continues its development.

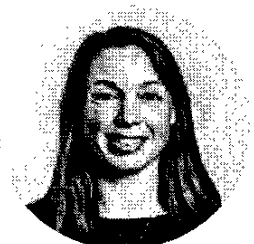


**Appointed CEO:**  
2002

## **Juliet Davenport – Chief Executive Officer**

Juliet started her career in renewable energy at Energy for Sustainable Development Ltd (ESD) in 1995 and was appointed Executive Director of both ESD (now CAMCO) and ESD Ventures Ltd in 1996. Passionate about renewable energy and its potential to impact on climate change, in 2013 she was awarded the OBE for services to the sector. Juliet is highly regarded in the renewable energy industry and has held positions on many strategic and advisory boards, including DECC's Renewable Advisory Board, OFGEM's Environmental Advisory Committee, Ministerial Smart Metering, and Regen SW. She is also a council member of NERC.

**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:**  
September 2016

**Responsibilities:**  
Chair of Nominations &  
Remuneration Committee

Interim Chair 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 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:**  
July 2018

**Responsibilities:**  
Member of Nominations  
& Remuneration  
Committee, Audit &  
Risk Committee and  
Funding and Investment  
Committee

### William (Will) Whitehorn – Non-Executive Deputy Chariman (Independent)

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

Will currently holds a number of 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 was also one of the founder shareholders of Purplebricks Group PLC. He is shortly to join the Royal Air Force Board as a Non-Executive Director, with the rank equivalent of Air Vice-marshal.

Before this, 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.



**Joined Board:**  
February 2019

**Responsibilities:**  
Member of the Audit & Risk  
Committee

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

With extensive experience in the financial services sector, Nemone brings a broad range of skills across 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 Shepherds 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 Chief Operating Officer 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.

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 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.

### 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
- Technology – leveraging technology for the benefit of our customers, driving engagement and growth by putting customers in control of their energy usage

- People – 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

Following a period of transition into 2018, 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, 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 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:

- We source all our electricity from certified renewables like 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 out 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 at: [group.goodenergy.co.uk](http://group.goodenergy.co.uk).

As a mission-led business, we aspire to be as transparent as possible about our activities. Our Purpose Report describes what we've been doing to deliver our mission, and reflects on our progress towards achieving our purpose and can be found at: [group.goodenergy.co.uk](http://group.goodenergy.co.uk).

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 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.

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

The roles and responsibilities of the Board and Executive are clearly defined and regularly reviewed. Details of current roles and responsibilities are set out in the tables below.

Further information on the operations of the Board and its committees is set out later in this Directors' & Governance Report.

## The Board

<b>Role of the Board</b>	<ul style="list-style-type: none"> <li>• Setting Group strategy and objectives in collaboration with the Executive.</li> <li>• Providing leadership, knowledge and experience to support and guide the Executive.</li> <li>• Engaging with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Overseeing and monitoring business performance, internal controls, governance and risk management.</li> <li>• Oversight of principal risks – competitive position, political risk, programme delivery.</li> </ul>
<b>Chairman</b> John Maltby	<ul style="list-style-type: none"> <li>• Effective running of the Board and its committees in accordance with the principles of good corporate governance.</li> <li>• Setting the Board agenda.</li> </ul>	<ul style="list-style-type: none"> <li>• Managing the Board to ensure adequate time for discussion of all agenda items.</li> <li>• Ensuring the Board receives accurate, timely and clear information.</li> </ul>
<b>Other non-executive directors</b>	<ul style="list-style-type: none"> <li>• Providing skills and external experience to support the Chairman and the Executive.</li> </ul>	
<b>Chief Executive</b> Juliet Davenport	<ul style="list-style-type: none"> <li>• Overseeing the day-to-day operation of the Group's business.</li> <li>• Developing and implementing the Group's strategy as approved by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing and maintaining formal and appropriate delegations of authority.</li> <li>• Maintaining a close working relationship with the Chairman.</li> </ul>
<b>Company Secretary</b> Stephen Rosser	<ul style="list-style-type: none"> <li>• Overseeing the design, suitability and effectiveness of the Group's governance arrangements and supporting implementation across the Group.</li> <li>• Acting as Secretary to the Board and its committees, ensuring compliance with Board procedures and corporate governance requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Providing governance, advisory and administrative support to the Board, all Directors and the Executive.</li> <li>• Supporting the Nominations &amp; Remuneration Committee with Board Composition, succession planning, directors' induction and ongoing training requirements.</li> </ul>

### Other information:

- The roles of Chairman and Chief Executive have always been split with the Chairman acting in a non-executive capacity.
- The Chief Executive is accountable to the Board for the operating and financial performance of the businesses.
- The Board is responsible for setting strategy and medium term plans, 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.
- At the end of the reporting period, the Board comprised the Chairman, Chief Executive and three non-executive directors, each of whom the Board considers to be independent.
- The Board currently has a sufficient range of relevant operational and financial experience to be able to discharge its responsibilities.
- The Board has constituted three Committees: Audit & Risk, Nominations & Remuneration and Funding & Investment. With the exception of the Funding & Investment Committee, all committees comprise only non-executive directors.
- The Board takes external advice as appropriate.
- 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.



the Board's composition, skills and experience, and the necessary up-to-date experience, skills and capabilities to discharge its duties effectively.

The Board has an appropriate balance of skills and experience as well as an appropriate balance of personal qualities and capabilities. 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's annual evaluation review process is described in more detail in the Directors' & Governance Report, together with details of changes made to the composition of the Board and its Committees to support to ensure the right balance of complementary skills and capabilities for the next phase of Good Energy's growth.

During 2018, the Board was delighted to announce the appointment of Mr William (Will) Whitehorn as Deputy Chairman, a role which also encompasses the responsibilities of a senior independent director. Since the end of the period, the Board has also welcomed Nemone Wynn-Evans as independent non-executive director. Nemone will become the Chair of the Audit & Risk Committee following completion of her induction.

Further information about the Board, including biographies describing each director's experience, are set out on pages 42-43.

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.

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 drive its continuous improvement. The process is described in more detail later in this Directors' & Governance Report, 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

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 in our Purpose Report and within the Strategic Report, Directors' & Governance Report and Nominations & Remuneration Committee Report.

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, colour, 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.

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, and
- explain where our employees can get advice.

The Guiding Principles demonstrate our commitment to working with honesty, respect, transparency and integrity. 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.

## 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 three principal committees to support effective governance and decision-making:

### The Board's Committees

#### Nominations & Remuneration Committee

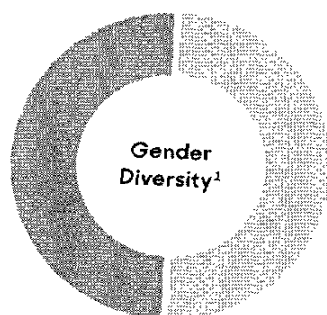
Board Composition  
Succession planning  
Board nominations  
Remuneration policy  
Incentive design and target setting  
Executive remuneration review

#### Audit & Risk Management Committee

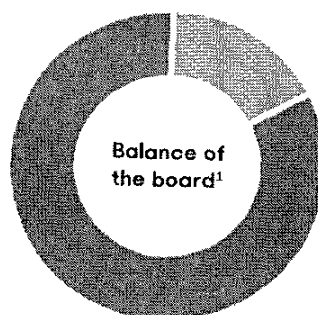
Corporate Governance  
Financial Reporting  
Internal Controls  
Risk Management  
External auditor  
Oversight of principal risks

#### Funding & Investment Committee

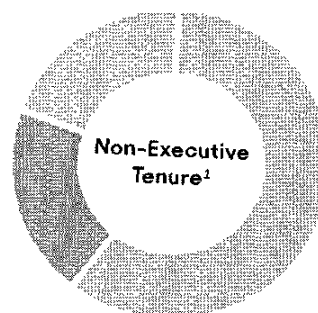
Funding strategy and execution  
Overseeing capital and other significant investment decisions  
Overseeing corporate transactions  
Investor relations strategy



● Female  
● Male



● Non-executive  
● Executive



● 0-2 Yrs    ● 2-5 Yrs  
● 5+ Yrs

<sup>1</sup> Data as at 31 March 2019.

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.

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 and takes care to calibrate perspectives expressed by individual members in the context of Good Energy's members as a whole.

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 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 Reports, AGM and interim RNS announcements on key business developments. Good Energy supplements its Annual and Interim Reports 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.

Good Energy also maintains active communication with other stakeholders, including:

#### Customers:

- updating customers on Good Energy's activities through our Purpose Report, 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 survey

#### 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 establish group of employee champions from across the business
- encouraging information sharing and debate via our internal communications portal, Good Hub;
- conducting semi-annual engagement surveys

#### Bondholders

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

#### Delivery partners

- 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; and
- continuing our engagement with communities hosting Good Energy's renewable generation assets

#### 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
- targeted participation in industry groups aligned to Good Energy's purpose, values and strategy

## 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 42–43. Details of the Directors' remuneration, including share options are set out in the remuneration report on pages 64–70. Details of the Directors' interests in ordinary shares in the capital of the Company are set out on page 60 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. During the year, over half of the matters on this list were considered by the Board.

The Board has established three principal committees which focus on particular areas as set out opposite. The chairman 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 Chief Executive who has 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 2018, planned changes for 2019 and those serving during the year:

	Board	Nominations & Remuneration	Audit & Risk Management	Funding & Investments
John Maltby (Chairman)				
Juliet Davenport (CEO)		–	–	
Will Whitehorn (Deputy Chairman)				
Emma Tinker (Non-Executive)			2	
Tim Jones (Non-Executive)				–
Nemone Wynn-Evans (Non-Executive)		–	3	–
Former Directors				
James Cockcroft (Former CFO)		1/19	2/19	3/19
Paul Squire (Former Non-Executive)			3/19	
Chair	Member	– Not applicable/invitation only		

2. Interim Chair

3. Following completion of induction to Good Energy in Q2 2019

## 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.

During the year, the Board was pleased to announce the appointment of Will Whitehorn as Deputy Chairman and independent non-executive director following a market search conducted in conjunction with recruitment consultants. Will's experience of disrupting established consumer markets through effective deployment of technology complements the strategic direction set out by the Board.

As part of succession planning discussions, John Maltby has informed the Board of his intention to step down as Chair and as a non-executive director after the 2019 AGM. Subject to confirmation of appointment by members at the AGM, the Board has agreed to appoint Will Whitehorn to the role of Chair following Mr Maltby's retirement.

As previously reported, Denise Cockrem and Rick Squires stepped down from the Board with effect from 31st March 2018 and 21st June 2018 respectively.

Following Rick Squires' retirement, Emma Tinker assumed the Chair of the Risk & Audit Committee on an interim basis pending appointment of new independent non-executive director to chair the committee. On 6th February 2019, the Company welcomed Nemone Wynn-Evans as independent, non-executive director. Nemone will assume the Chair of the Risk & Audit Committee following completion of her induction to Good Energy.

The Board conducts an internal review of the independence of the Non-Executive Directors every year.

The Board considers all of its non-executive directors to be independent in both character and judgement.

The Chairman, John Maltby, was independent upon appointment to the Board in October 2012.

## 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	Funding & Investment Committee
<b>Executive Directors</b>				
Juliet Davenport	11/11	5/5	4/4	1/2
<b>Non-Executive Directors</b>				
John Maltby	11/11	5/5	4/4	2/2
Emma Tinker	11/11	5/5	4/4	2/2
Tim Jones	10/11	4/5	4/4	-
Will Whitehorn	5/5	2/2	-	-
<b>Former Directors<sup>4</sup></b>				
David K. Johnson (Chairman 2017)	2/2	2/2	-	1/2
John Birt (Chairman 2016-2017)	8/8	3/3	-	-

## Operations of the Board

Details of the number of scheduled Board meetings and attendance of Directors is set out in the table above. 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 (12 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 subjects.

Where relevant, members of the Executive team and other senior leaders within the business 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 for a number of unscheduled 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.

<sup>4</sup> For members retiring during the year, the table reflects those meetings applicable to their tenure

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 regularly de-briefs with the Non-Executive Directors after meetings to capture feedback and identify opportunities for improvement. The Chief Executive does 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 has access to the services of the Company Secretary and external advisers as necessary.

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, Non-Executive Directors and Company Secretary are provided on page 46.

The Chief Executive is responsible for the day-to-day management and running of the business, supported by an Executive team. As at 31 December 2018 the Executive comprised the Finance Director, Chief Technology Officer, Director of Customer Services, Director of Sales & Commercial, Director of Marketing & Strategic Planning, Director of People & Culture and the General Counsel & Company Secretary.

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 in managing the business in the performance of her duties.



## Board and Directors' Performance Evaluation

The Board is committed to continually improving its performance.

The Board implemented an annual process of evaluating board performance in 2015. Evaluations are carried out internally and the Board is considering whether it would benefit from conducting an externally facilitated review following the conclusion of its current recruitment activity.

For internal reviews, Board members and other regular Board attendees respond to a detailed questionnaire co-ordinated and collated by the Company Secretary. Where appropriate, Board members are also interviewed privately by the Chairman. Feedback and insights from the review process are collated and summarised for the Board

and the Chairman and Company Secretary facilitate an open discussion with the whole Board, highlighting areas that work well and agreeing actions in those areas where the Board sees opportunity for improvement.

Building on extensive progress made since 2015, the Board retains three clear priorities: (i) ensuring that the Board is able to draw upon an effective balance of skills and experience to deliver the Company's strategic objectives, (ii) supporting the delivery of strategic objectives through clear and effective prioritisation of investment and resources and (iii) continuing to deliver clear strategic and operational insights through effective Board reporting.

These three priorities are consistent with prior periods. The Board is pleased to report on progress against 2018 Objectives as follows:

### 2018 Objective

Supplement composition of the Board through appointment of a senior independent director.

Identify and appoint a suitably qualified and experienced independent non-executive director to succeed Rick Squires as Chair of the Risk & Audit Committee.

Align Board reporting to reflect the areas of Good Energy's strategic focus and illustrate performance and activity against each stage of the customer journey.

Establish a consistent framework through which opportunities to accelerate delivery of Good Energy's strategic ambitions can be identified and evaluated.

### 2018 Update

Will Whitehorn appointed as Deputy Chair, a role which encompasses the responsibilities of a senior independent director.

The Board identified that Emma Tinker has suitable skills and experience and appointed Emma as Chair of the Risk & Audit Committee on an interim basis. The Board conducted a thorough market search and appointed Nemone Wynn-Evans on 6th February 2019. Nemone will assume the Chair of the Risk & Audit Committee following completion of her induction.

The Company concluded a re-mapping of its customer journeys in the early part of 2018 and aligned reporting to the customer journey for H2.

The revised structure delivered improved visibility of activity across the Company and enable the Board to focus its attention in those areas requiring most attention. The revised reporting has also supported effective and targeted prioritisation of investment and resources to enable the Company to meet its objectives.

The Board regularly discusses opportunities to accelerate delivery of the Company's operational and strategic objectives. These are wide ranging, including opportunities to partner with strategically aligned organisations that share Good Energy's values through to specific investments and potential acquisitions.

During H2, the Board has established a business-wide investment appraisal process through which these opportunities are assessed consistently and with appropriate rigor.

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

The Chairman conducts an individual annual appraisal with the Chief Executive 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. 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 13 February 2018, the Company announced that it would redeem Good Energy Bonds I in full on 29 March 2018. In response to feedback from bondholders who had expressed a desire to continue to support the work the Group does, the Group offered holders of Good Energy Bonds I the opportunity to continue their investment in Good Energy Bonds I at an interest rate of 4.25% per annum (4.50% effective for Good Energy customers).

45% of holders of Good Energy Bonds I (equating to £3.6m of bonds) elected to continue their investment on these terms. The Company is permitted to prepay those investments at any time and relevant bondholders are entitled to request repayment of their holding on 22 November 2019 or annually thereafter (subject to providing 6 months' notice in writing).

### Annual General Meeting (AGM)

All holders of ordinary shares may attend the Company's AGM at which the Chairman and Chief Executive present a review of the key business developments during the year. The time and venue for the 2019 AGM will be announced in the second quarter of 2019.

At the meeting, shareholders can ask questions of the Board on the business of meeting, including the Annual Report and Accounts and the running of the Company generally. To assist the proper and effective conduct of the meeting, shareholders wishing to ask questions are asked to submit these in advance to the Company Secretary not less than 48 hours before the meeting.

All Directors are invited to attend each AGM. Unless unforeseen circumstances arise, the chair of each committee will be present to take questions at the AGM.

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.

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.

Shareholders unable to attend the AGM can vote on the business of the meeting either by post or online.

### People at Good Energy

The Group's employment policies follow best practice based on equal opportunities for all employees, irrespective of race, gender, nationality, colour, 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 Review.

The Board retains overall responsibility for the Company's risk management and internal controls framework. While the Board reviews the suitability of the internal controls annually, responsibility for reviewing the effectiveness of internal controls is delegated to the Audit and Risk Management 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 Management Committee

The members of the Audit and Risk Management Committee are shown on page 50. Rick Squires chaired the committee prior to his retirement from the Board in June 2018. Emma Tinker was appointed interim Chair following Rick Squires' retirement while the Nomination Committee concluded its selection process. On 6th February 2019 the Board welcomed Nemone Wynn-Evans as an independent non-executive director. Nemone will assume the Chair of the Committee following completion of her induction to Good Energy.

John Maltby and Emma Tinker are considered to have recent, relevant financial experience. The Chief Executive attends meetings of the Committee by invitation only together with the Finance Director and Head of Risk & Audit.

The primary duty of the Audit and Risk Management 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.

The Audit and Risk Management 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.

## Risk control environment and internal audit

The Company has a risk and internal audit function led by the General Counsel & Company Secretary, supported by the Head of Risk, Internal Audit and Compliance.

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 Management Committee and reviewing and testing the effectiveness of internal controls through audit reviews.

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 Management 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 and Board closely monitor and manage liquidity. The Directors have taken account of the current financial position of the Group, its anticipated future performance and investment plans in assessing the Group's going concern status.

The Directors consider that the Group has adequate resources to continue for at least 12 months from the signing of this report in operation and continue to adopt the going concern basis in preparing the 2018 financial statements. Further details on this can be found in note 2.2 to 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 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 Management Committee monitors the Group's safeguards against compromising the objectivity and independence of the external auditors. It annually reviews the 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 Management Committee has also reviewed its policy for awarding non-audit work.

For the financial year ended 31 December 2018, 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, and that their involvement in non-audit matters was the most effective way of conducting the Company's business during the year.

#### Audit and non-audit fees

The Audit & Risk Management Committee reviewed the remuneration received by Ernst & Young LLP 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 109.

### 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 Management Committee. Any whistleblowing incidents and their outcomes are reported to the Committee. No reports were made during 2018.

# Funding & Investment Committee Report

## Establishment of the Committee

To support the Company in delivering its strategic objectives, particularly through a period of transition and transformation of its business activities, the Board established the Funding & Investment Committee during 2017.

## Overview

The purpose of the Committee is to oversee strategic and transactional matters relevant to the delivery and evolution of the Group's strategy. Areas such as funding requirements, capital and significant investment decisions, corporate transactions and evolving the Group's investor relations strategy are also a focus.

The members of the Funding & Investment Committee are John Maltby (Chair) and Emma Tinker together with the Chief Executive. Rick Squires was a member of the Committee prior to his retirement from Good Energy in June 2018.

## Operations of the Committee

During the period, the Funding & Investment Committee convened to discuss, consider and recommend to the Board the following:

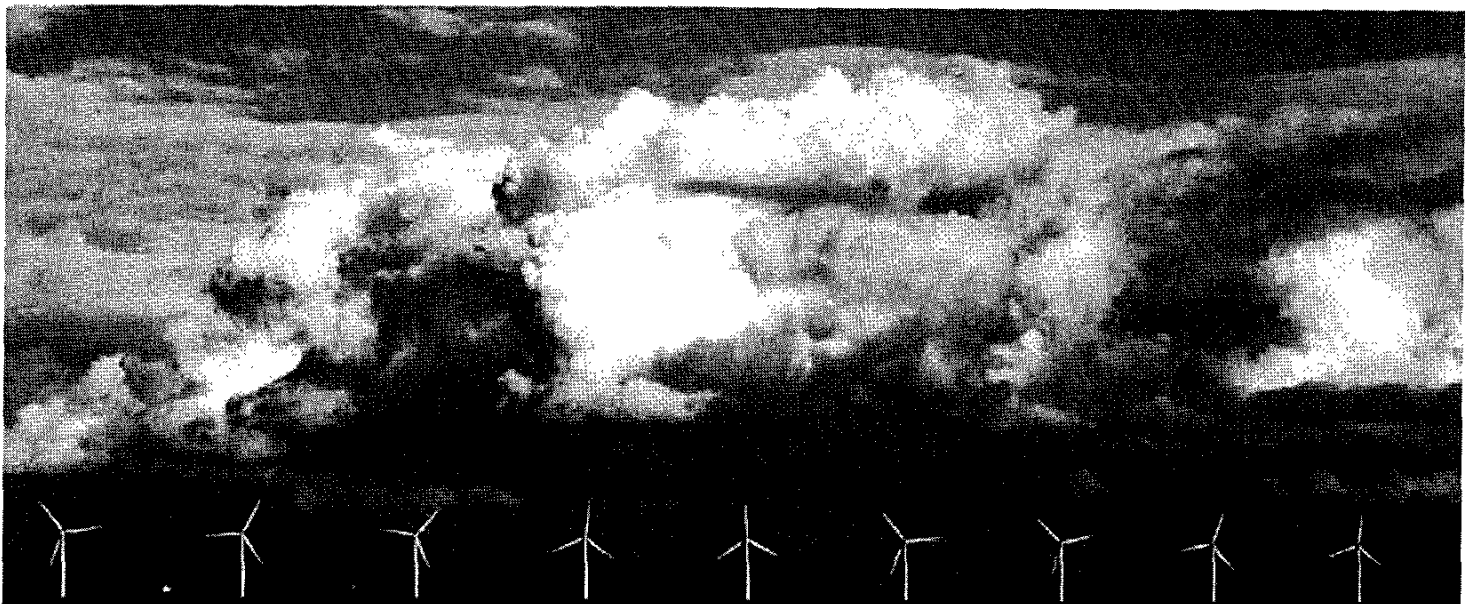
- the approach to be taken by the Company in relation to the realisation of residual value from the Company's development pipeline and treatment of work in progress;

- progress of the Company's behind-the-meter battery storage pilot in partnership with the Eden Project;
- repayment of Good Energy Bonds I and mechanisms for interested bondholders to continue their support and investment; and
- plans to develop a new head office for the Company in Chippenham

Over the course of 2019, the Committee expects the following matters to arise for review:

- further proposals for realisation of further value from the Company's discontinued development business;
- investments in projects and initiatives to accelerate the delivery of the Group's strategic ambitions; and
- proposals to repay the remainder of Good Energy Bonds I.

Proposals for the Company's recent investment in Zap-Map through its operating company Next Green Car Limited were advanced directly by the Board. As part of a scheduled review of committee constitution and composition, the Board intends to review whether the Funding & Investment Committee is still necessary as a standalone committee.



# Statutory and other information

## General company information

Good Energy Group PLC is a public limited company incorporated in the United Kingdom under the Companies Act 1985.

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 2018, 16,571,521 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 2018, 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 page 60):

Shareholder	Number of shares	%
Ecotricity Group Limited	4,169,948	25.2%
Schroder & Co	743,874	4.5%

## Share class rights

### Ordinary shares

The full share class rights are set out in the Company's Articles of Association (Articles) which are available at [goodenergygroup.co.uk](http://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 2018, authority was given to the Directors to allot new ordinary shares up to a nominal value of £275,286, 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 2019, and the Directors propose to renew each of them at that AGM.

The Board believes that these authorities 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 2018 final dividend are set out in the Chairman's Statement on page 9.

## Directors

The names of the Directors who held office during the year are set out on page 52.





### Directors' interests and their interests in the Company's shares<sup>1</sup>

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 2018	%age of issued share capital	No. shares as at 31 December 2017	%age of issued share capital
<b>Current Directors</b>				
Juliet Davenport <sup>2</sup>	627,455	3.8	569,086	3.45
John Maltby	180,703	1.09	180,703	1.09
Emma Tinker <sup>3</sup>	1,523	0.01	1,484	0.01
Will Whitehorn	28,000	0.17	-	-
Tim Jones	9,489	0.06	-	-

<sup>1</sup> Certain of the Directors hold share options as detailed on pages 56 and 57 within the Remuneration Report.

<sup>2</sup> 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.

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

### Financial instruments

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

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 24 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 2019.

### 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 Group's progress report on its website.

### 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 2017 is 15%. This is lower than the UK average and benchmarks within the energy industry. 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 2018 is published on its website.

### Related Party Transactions

Related party transactions are set out in note 32 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

On 5 March 2019 we announced the strategic investment in Zap-Map's parent company, Next Green Car Ltd. We have the opportunity to acquire a majority equity position aligned with the achievement of financial and development milestones over the next two years. Zap-Map is the go-to app for Britain's 200,000 electric vehicle ("EV") drivers – planning routes, identifying charge points, checking their availability and sharing power. Its 70,000 monthly users can choose from over 11,000 charging devices located across service stations, car parks, retail sites and private driveways from its easily navigable & intuitive app. Both the number of EV drivers in the Zap-Map community and the number of charge points in its network have been increasing rapidly, which enhances the data by actively logging the status and availability of the national charging network.

# 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 2018. The directors' report required under the Companies Act 2006 comprises this Governance & Directors' Report and the 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 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 International Financial Reporting Standards (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 safeguarding the assets of the Group and parent company and must take 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 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 result of the Company
- the Group 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.

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.

### Stephen Rosser

Company Secretary  
1 May 2019



# remuneration & nomination 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.

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), John Maltby and Tim Jones.

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;
- 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 Chief Executive; 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 needs.

The Board remains focussed on gender 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 Nominations Committee:

- received and considered proposals to make redundant 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 Will Whitehorn following its recommendation during 2017 that the Board appoint a senior independent director; and
- conducted a market search for an additional independent non-executive director to succeed Rick Squires as chair of the Audit & Risk Management Committee, resulting in the appointment of Nemone Wynn-Evans on 6th February 2019.

## Remuneration

Information about the remuneration of the Directors of the Company for the year ended 31 December 2018 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 68; and
- a Performance Share Plan for Executive Directors and members of the senior management team, details of which are set out on pages 69-70.

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 50.

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. The fee for each Non-Executive Director is £25,000, with an additional fee of £5,000 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, adjusted to reflect the size of the Company. Juliet Davenport's salary was increased by 4.8% as a result, broadly in line with pay rises across the Group.



Service agreements, notice periods and termination payments

Name	Position	Date of contract	Notice period	Annual Salary (£)
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**Executive Directors**

Juliet Davenport	Chief Executive	02 August 2007	9 months	218,000
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**Non-Executive Directors**

John Maltby		15 October 2012		45,000
Emma Tinker		02 September 2016		25,000
Tim Jones		01 December 2017		25,000
Will Whitehorn		26 July 2018 <sup>1</sup>		45,000

**Former Directors**

Robert Davenport		02 September 2017		150,000
Tim Jones		26 September 2017		100,000

<sup>1</sup> 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
	2018 (£)	2018 (£)	2018 (£)	2018 (£)	2018 (£)	2017 (£)
<b>Executive Directors</b>						
Juliet Davenport	282,192 <sup>2</sup>	27,170	21,263	-	330,625	292,154
Denise Cockrem <sup>3</sup>	159,340	13,713	774	-	173,827	259,187
Sub-total	453,244	40,833	3,037	-	497,164	551,341
<b>Non-Executive Directors</b>						
John Maltby	48,259	-	-	-	48,259	45,000
Emma Tinker	31,911	-	-	-	31,911	31,800
Tim Jones	25,842	-	-	-	25,842	2,083
Will Whitehorn <sup>4</sup>	19,442	-	-	-	19,442	-
Rick Squires <sup>5</sup>	21,615	-	-	-	21,615	30,000
Sub-total	147,069	-	-	-	147,069	108,883
<b>Overall total</b>	<b>600,313</b>	<b>40,883</b>	<b>3,036</b>	<b>-</b>	<b>644,233</b>	<b>660,224<sup>6</sup></b>

2. Includes £57,093 related to the surrender and cancellation of vested share options.

3. Pro-rata for the period of directorship. Left the Board effective 31 March 2018. Of the quoted salary/fee figure, £66,800 relates to payments arising on cessation of employment.

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

5. Pro-rata for the period of directorship. Left the Board effective 21 June 2018.

6. 2017 total (including former directors) was £867,181.

# Annual bonus scheme

## Operation of the scheme

During the period, 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 Remuneration Committee.

The Group considers that the targets for 2019 are commercially sensitive and are not therefore disclosed. However, retrospective disclosure of performance against targets for the year ending 31 December 2018 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 <sup>7</sup>	Attract and retain employees with the right skills, knowledge and mind-set to help deliver the Company's growth plans	10%
Corporate CO <sub>2</sub> reduction	Help to reduce carbon emissions	10%

## 2018 targets and performance

The Group's performance against targets and actual outturn for the financial year ended 31 December 2017 are set out in the table below.

The Group profit before tax exceeded threshold for 2018 and accordingly a bonus is payable for the period.

Measure	2018 outturn	2017 outturn	2018 performance against target
Profit before tax <sup>8</sup>	£1.7m	£0.7m	Between threshold and Target
NPS	46	Not measured	Target
Employee retention	68%	-	Below threshold
Corporate CO <sub>2</sub> reduction	ISO 14001 maintained. Emissions neutralised and reduced by 10.5% per head.	ISO 14001 achieved. Emissions neutralised wherever possible.	Target

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

8. Calculated on underlying continuing PBT of £1.7m excluding the impact of £0.6m reclassification relating to Brynwhlloch 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 mis-statement 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 2018 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 <sub>2</sub> reduction	Ensure long term sustainability of our own operation	20%

## Directors' share options

Details of the Directors' share options outstanding at 31 December 2018 are shown below.

Name	Date option granted	Number of options outstanding as at 31 December 2018	Option price	Exercised during period	Cancelled/surrendered during period
Juliet Davenport	01/06/2004	15,000 <sup>9</sup>	£0.75	20,000	-
	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	-	-
	07/07/2015	-	£0	38,369	41,981
	22/04/2016	88,496	£0.05	-	-
	10/05/2017	42,363	£0.05	-	-
	15/11/2018	122,472	£0.05	-	-
Sub-total		690,729		58,369	41,981
Former Directors					
Philip Williams	17/02/2010	21,800	£0	-	-
	17/02/2010	20,000	£0.0001	-	-
	13/14/2011	-	£0.20	-	80,000
	13/01/2017	-	£0.05	-	30,000
Sub-total		41,800		-	110,000
David Souter	13/02/2012	20,000	£1.15	-	-
Sub-total		20,000		-	-

### Emma Tinker

Chair of Nominations and  
Remuneration Committee  
1 May 2019



<sup>9</sup> Exercised in full on 14 January 2019

<sup>10</sup> Was a director during the period but stepped down from the Board effective 31 March 2018

<sup>11</sup> Was a director during the period but stepped down from the Board effective 21 June 2018.





# 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 2018 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	Parent company
Consolidated Statement of Financial Position as at 31 December 2018	Parent Company Statement of Financial Position as at 31 December 2018
Consolidated Statement of Comprehensive Income for the year then ended	
Consolidated Statement of Changes in Equity for the year then ended	Parent Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Cash Flows for the year then ended	Parent Company Statement of Cash Flows for the year then ended
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	Related notes 1 to 35 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> <li>• Revenue recognition, specifically the estimated unbilled income</li> <li>• Valuation of the expected credit loss provision</li> <li>• Revenue recognition due to the susceptibility to management override through inappropriate, manual entries</li> </ul>
Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of 3 components and audit procedures on specific balances for a further 2 components</li> <li>• The components where we performed full or specific audit procedures accounted for 70% of Profit before tax, 98% of Revenue and 60% of Total assets</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall group materiality of £0.9m which represents 0.8% of revenues</li> </ul>

## 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
<p><b>Revenue recognition, specifically the estimated unbilled income (£16.2m, PY comparative £17.6m)</b></p> <p>Accounting policies (page 92); and Note 19 of the Consolidated Financial Statements (page 125)</p> <p>The Group's material revenue streams relate to the provision of gas and electricity services.</p> <p>This risk over revenue recognition specifically arises in income from metered services 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.</p> <p>The risk has decreased in the current year due to the billing system and process now being fully operational for 2 years.</p>	<p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process for the supply of gas and electric services, meter reading and related billing in order to challenge the completeness of adjustments to reflect the accrual or deferral of revenue.</li> <li>• We assessed the design of key controls linked to system generated information relating to the estimation process for measured revenue.</li> <li>• 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.</li> <li>• 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.</li> <li>• We corroborated the key assumptions made by management in recognising revenue, by obtaining internal and external data on demand.</li> <li>• We tested whether revenue was recognised in the correct period.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>We performed full scope audit procedures over this risk area in 2 locations, which covered 100% of the risk amount.</p>	<p>We did not identify material errors in the unbilled income report, nor evidence of management manipulation of revenue within this report.</p> <p>We concluded that the basis of calculation of the unbilled income accrual is appropriate. We conclude that management's assumptions in respect of customer demand are within an acceptable range.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Expected Credit Losses</b></p> <p>Accounting policies (page 105); and Note 19 of the Financial Statements (page 125)</p> <p>There is an expected credit loss (ECL) provision of £5.8m (2017: £4.5m) at the year-end against gross amounts receivable from customers of £31.5m (2017: £33.5m).</p> <p>The ECL is calculated using information provided by their debt collector and management's judgement of the future likely recovery rates.</p> <p>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.</p> <p>The risk has increased due to worsening market conditions, particularly within the B2B supply.</p>	<p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• We performed a walkthrough of the process for calculating the ECL provision and assessed the design effectiveness of key controls.</li> <li>• We tested the integrity of data and the report utilised to generate the ageing and categorisation of debt within the Company's billing system.</li> <li>• We corroborated assumptions made by management on collection rates and performed sensitivity analysis on the impact of these rates on the ECL provision.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We tested the appropriateness of journal entries and adjustments impacting the ECL provision particularly those raised close to the balance sheet date.</li> </ul> <p>We performed full scope audit procedures over this risk area in 2 locations, which covered 100% of the risk amount.</p>	<p>We assessed management's judgments and concluded that the ECL provision is within an acceptable range and reflects likelihood of collections in future periods.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Revenue recognition due to the susceptibility to management override through inappropriate manual entries.</b></p> <p>Accounting policies (page 92); and Note 3 of the Consolidated Financial Statements (page 100).</p> <p>We consider that the vast majority 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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>We selected all consolidation journals exceeding 15% of performance materiality and obtained evidence to verify the validity and accuracy of the journals being posted.</p>	<p>Based on the audit procedures performed manual entries were appropriate, including post close adjustments during the consolidation process.</p> <p>Our journal entry testing procedures did not identify instances of inappropriate management override in the recognition of revenue across the Group.</p>

In the prior year, our auditor's report included a key audit matter in relation to Revenue recognition – non-metered revenue streams and Valuation of generation WIP.

For non-metered revenue streams, this change has been made due to the relative size of the non-metered revenue stream in terms of overall group revenue, representing 4% of group revenues, and thus the impact that any potential misstatement would have on Good Energy Group results is diminished.

For the valuation of generation WIP, this change has been made due to the impairments recorded in prior year with assets held in generation WIP held at their net realisable value. These assets continue to be held for sale under IFRS 5.

# 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 5 components covering entities all within the UK, which represent the principal business units within the Group.

Of the 5 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 2 components ("specific scope components"), 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.

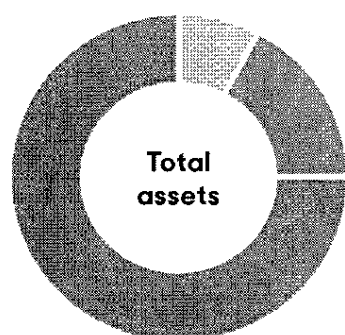
The net profit of the Group is split between 5 profit making entities of £6.9m and 10 loss making entities

of £5.3m. We performed procedures on 2 full scope components and 1 specific scope component which accounted for 90% of the profit and procedures on 1 full scope component and 2 specific scope components which accounted for 89% of the loss-making entities.

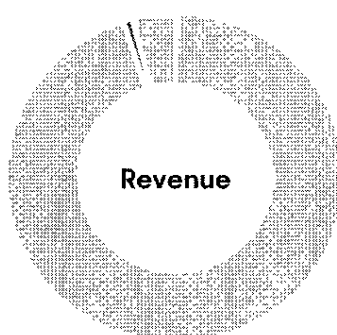
The reporting components where we performed audit procedures accounted for 97% (2017: 97%) of the Group's Revenue and 60% (2017: 63%) of the Group's Total assets. For the current year, the full scope components contributed 97% (2017: 95%) of the Group's Revenue used to calculate materiality, and 10% (2017: 8%) of the Group's Total assets. The specific scope components contributed 1% (2017: 1%) of the Group's Revenue used to calculate materiality and 15% (2017: 55%) 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. We also instructed 6 components to perform specified procedures over certain aspects of fixed asset verification, WIP valuation and current assets held for sale valuation.

The remaining 1 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.



- 10% Full Scope components
- 15% Specific scope components
- 75% Other procedures



- 97% Full Scope components
- 1% Specific scope components
- 2% Other procedures

## 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 £0.9m million (2017: £0.8 million), which is 0.8% (2017: 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. The Group has recently changed their focus to sustainable profit growth, however historically this basis for this company has not been consistent and reliable. Furthermore, with the previous objectives of the company, and the use of revenue growth as a KPI in the annual report it is likely that users will also still consider this a KPI. On reviewing analyst reports, revenue is one of the key focuses for the Group along with EPS. Hence, we have concluded that revenue provides the most appropriate financial measure that is responsive to the main value driver for the shareholders of Good Energy Group plc. This is also consistent with the prior year audit.

We determined materiality for the Parent Company to be £0.2 million (2017: £0.3 million), which is 1.6% (2017: 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% (2017: 50%) of our planning materiality, namely £0.45m (2017: £0.4m). 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 £0.09m 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 £0.048m (2017: £0.04m), 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 1–58, 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 50-51, 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.

### Intended readers

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

1 May 2019

# financial statements

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# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 £000's	2017 £000's
<b>REVENUE</b>	6	<b>116,915</b>	104,509
Cost of Sales	6	(83,466)	(75,178)
<b>GROSS PROFIT</b>		<b>33,449</b>	29,331
Administrative Expenses	7	(26,800)	(23,739)
<b>OPERATING PROFIT</b>	7	<b>6,649</b>	5,592
Finance Income	11	16	2
Finance Costs	12	(4,361)	(4,860)
<b>PROFIT BEFORE TAX</b>	6	<b>2,304</b>	734
Taxation	13	(660)	566
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>1,644</b>	1,300
<b>DISCONTINUED OPERATIONS</b>			
(Loss) from discontinued operations, after tax	6	(743)	(4,033)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>901</b>	(2,733)
<b>OTHER COMPREHENSIVE INCOME:</b>			
Other comprehensive income for the year, net of tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<b>901</b>	(2,733)
Earnings per share			
- Basic	14	5.6p	(17.1p)
- Diluted	14	5.5p	(17.1p)
Earnings per share (continuing operations)			
- Basic	14	10.2p	8.1p
- Diluted	14	10.0p	7.7p

The notes on pages 89 to 140 form part of these Financial Statements.

# Consolidated statement of financial position

As at 31 December 2018

Company registered no: 04000623

	Note	2018 £000's	2017 £000's
<b>Non-current assets</b>			
Property, plant and equipment	15	50,351	52,973
Intangible assets	16	3,586	3,544
Restricted deposit accounts	3	4,166	3,220
Fair value through profit or loss assets	17b	-	500
Total non-current assets		58,103	60,237
<b>Current assets</b>			
Inventories	18	8,580	9,881
Trade and other receivables	19	29,796	32,698
Cash and cash equivalents	20	15,662	13,720
Disposal groups held for sale	21	6,649	5,553
Total current assets		60,687	61,852
TOTAL ASSETS		118,790	122,089
<b>Equity and Liabilities</b>			
Capital and reserves			
Called up share capital	22	829	826
Share premium account	22	12,719	12,652
Employee Benefit Trust shares	22	(810)	(946)
Retained earnings		6,088	5,553
Total equity attributable to members of the parent company		18,826	18,085

**Non-current liabilities**

Deferred taxation	23	927	145
Borrowings	24	54,464	56,044
Provisions for liabilities	26	1,446	1,250
Total non-current liabilities		56,837	57,439

**Current liabilities**

Borrowings	24	6,263	13,894
Trade and other payables	27	36,864	32,671
Total current liabilities		43,127	46,565
Total liabilities		99,964	104,004
TOTAL EQUITY AND LIABILITIES		118,790	122,089

The Financial Statements on pages 80 to 140 were approved by the Board of Directors on 1 May 2019 and signed on its behalf by:



**Juliet Davenport**

Chief Executive  
1 May 2019

The notes on pages 89 to 140 form part of these Financial Statements.

# Parent Company Statement of Financial Position

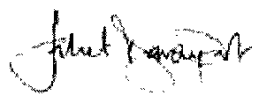
As at 31 December 2018

Company registered no: 04000623

	Note	2018 £000s	2017 £000s
<b>Non-current assets</b>			
Property, plant and equipment		241	391
Intangible assets		6	-
Investments	17a	35,247	41,694
Total non-current assets		35,494	42,085
<b>Current assets</b>			
Trade and other receivables	19	920	178
Amounts due from other group companies		5,000	-
Deferred taxation	23	32	-
Cash and cash equivalents	20	309	568
Total current assets		6,261	746
TOTAL ASSETS		41,755	42,831
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Share capital	22	829	826
Share premium account	22	12,719	12,652
EBT shares	22	(804)	(946)
Retained Earnings		3,862	3,858
Total Equity		16,606	16,390
<b>Non-current liabilities</b>			
Borrowings	24	17,275	17,185
Total non-current liabilities		17,275	17,185
<b>Current liabilities</b>			
Borrowings	24	7,534	8,922
Trade and other payables	27	340	334
Total current liabilities		7,874	9,256
Total liabilities		25,149	26,441
TOTAL EQUITY AND LIABILITIES		41,755	42,831

The parent company's loss for the financial year was £4,694,941 (2017: loss:£2,578,834).

The Financial Statements on pages 80 to 140 were approved by the Board of Directors on 1 May 2019 and signed on its behalf by:



**Juliet Davenport**

Chief Executive  
1 May 2019

The notes on pages 89 to 140 form part of these Financial Statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Note	Called Up Share Capital	Share Premium Account	EBT Shares	Retained Earnings	Total Equity
		£000's	£000's	£000's	£000's	£000's
<b>At 1 January 2017</b>		825	12,546	(1,015)	8,689	21,045
Loss for the year		-	-	-	(2,733)	(2,733)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive expense for the year		-	-	-	(2,733)	(2,733)
Share based payments	30	-	-	-	263	263
Tax charge relating to share option scheme	23	-	-	-	(106)	(106)
Issue of ordinary shares	22	1	106	-	-	107
Exercise of options	22	-	-	69	(31)	38
Dividend Paid	28	-	-	-	(529)	(529)
Total contributions by and distributions to owners of the parent, recognised directly in equity		1	106	69	(403)	(227)
<b>At 31 December 2017</b>		826	12,652	(946)	5,553	18,085
<b>At 1 January 2018</b>		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	30	-	-	-	358	358
Tax charge relating to share option scheme	22	-	-	-	(65)	(65)
Issue of ordinary shares	22	3	67	-	-	70
Exercise of options	22	-	-	136	(127)	9
Dividend Paid	28	-	-	-	(532)	(532)
Total contributions by and distributions to owners of the parent, recognised directly in equity		3	67	136	(366)	(160)
<b>At 31 December 2018</b>		829	12,719	(810)	6,088	18,826

The notes on pages 89 to 140 form part of these Financial Statements.



# Parent Company Statement of Changes in Equity

For the year ended 31 December 2018

	Note	Share Capital	Share Premium Account	EBT Shares	Retained Earnings	Total Equity
		£000's	£000's	£000's	£000's	£000's
<b>At 1 January 2017</b>		<b>825</b>	<b>12,546</b>	<b>(1,015)</b>	<b>6,997</b>	<b>19,353</b>
Loss for the year and total comprehensive income		-	-	-	(2,579)	(2,579)
Issue of ordinary shares	22	1	106	-	-	107
Exercise of options	22	-	-	69	(31)	38
Dividend Paid	28	-	-	-	(529)	(529)
<b>At 31 December 2017</b>		<b>826</b>	<b>12,652</b>	<b>(946)</b>	<b>3,858</b>	<b>16,390</b>
<b>At 1 January 2018</b>		<b>826</b>	<b>12,652</b>	<b>(946)</b>	<b>3,858</b>	<b>16,390</b>
Profit for the year and total comprehensive income		-	-	-	305	305
Share based payments	30	-	-	-	358	358
Issue of ordinary shares	22	3	67	-	-	70
Exercise of options	22	-	-	142	(127)	15
Dividend Paid	28	-	-	-	(532)	(532)
<b>At 31 December 2018</b>		<b>829</b>	<b>12,719</b>	<b>(804)</b>	<b>3,862</b>	<b>16,606</b>

The notes on pages 89 to 140 form part of these Financial Statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 £000's	2017 £000's
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	18,069	27
Finance income		16	2
Finance cost		(4,156)	(5,125)
Income tax received		66	167
<b>Net cash flows generated/(used) from/in operating activities</b>		<b>13,995</b>	<b>(4,929)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(326)	(4,828)
Purchase of intangible fixed assets	16	(1,287)	(752)
Disposal of assets		-	9,769
Deposit into restricted accounts		(946)	(389)
<b>Net cash flows (used)/generated in/from investing activities</b>		<b>(2,559)</b>	<b>3,800</b>
<b>Cash flows from financing activities</b>			
Payments of dividends	28	(462)	(459)
Proceeds from borrowings		-	19,646
Repayment of borrowings		(8,655)	(10,518)
Capital repayments of finance lease		(447)	(147)
Proceeds from issue of shares		70	-
Proceeds from sale of share options		-	38
<b>Net cash flows (used)/generated in/from financing activities</b>		<b>(9,494)</b>	<b>8,560</b>
Net increase in cash and cash equivalents		1,942	7,431
Cash and cash equivalents at beginning of year		13,720	6,289
<b>Cash and cash equivalents at end of year</b>		<b>15,662</b>	<b>13,720</b>

The notes on pages 89 to 140 form part of these Financial Statements.

# Parent Company Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 £000's	2017 £000's
<b>Cash flows from operating activities</b>			
Cash used in operations	29	(3,641)	(2,146)
Finance income		-	-
Finance cost		(1,137)	(1,127)
Corporation tax		(32)	-
Net cash flows used in operating activities		(4,810)	(3,273)
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		-	(158)
Purchase of intangible fixed assets		(6)	-
Net cash flows used in investing activities		(6)	(158)
<b>Cash flows from financing activities</b>			
Payment of dividends	28	(462)	(459)
Proceeds from borrowings		-	17,638
Repayment of borrowings		(4,635)	(7,360)
Proceeds from intercompany loans		10,386	16,058
Repayments of intercompany loans		(355)	(22,035)
Capital repayments of finance lease		(447)	(147)
Proceeds from the exercise of share options		70	38
Net cash generated from financing activities		4,557	3,733
Net increase/(decrease) in cash and cash equivalents		(259)	302
Cash and cash equivalents at beginning of year		568	266
Cash and cash equivalents at end of year		309	568

The notes on pages 89 to 140 form part of these Financial Statements.

# Notes to the Financial Statements

## 1. General Information

Good Energy Group PLC is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom and whose 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 are: the purchase, generation and sale of electricity from renewable sources; 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. 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 of the parent company and the presentational currency of the Group, because that is the currency of the primary environment in which the Group operates. All values are rounded to the nearest thousand (£000), except when 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 (IFRSIC) 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 IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the 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 the following accounting policy notes: revenue from contracts with customers (4.1), property, plant and equipment (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 Going concern

The Group meets its day to day capital requirements through positive cash balances held on deposit or through its bank facilities. The current economic conditions continue to create opportunities and uncertainties which can impact the level of demand for the Group's products and the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of the possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date the financial statements are authorised for issue. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings can be found in note 24.

The Group is in a net current asset position of £17.6m as at 31 December 2018, compared to a net current asset position of £15.3m in 2017. The balance sheet is expected to retain its net current asset position for the foreseeable future.

### 2.3 Change in accounting policies and disclosures

The Group applied IFRS 15 Revenue from contracts with customers and IFRS 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 16 Leases has also been issued, but is not yet effective and have not been early adopted by the Group.

Several other amendments and interpretations apply for the first time in 2018, but do not have an 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 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of transition on the current period has not been disclosed. The Group did not apply any of the available optional practical expedients.

An assessment was performed on all revenue streams of the Group, with the five step model considered for each. Historic treatment was in line with IFRS 15 for most revenue streams – including supply of electricity and supply of gas. Adjustments to treatment were required for a subsection of the FiT administration revenue, particularly around the timing of revenue recognition to be in line with the completion of the performance obligation over time. The difference in treatment was calculated for 2017 and 2018 and is immaterial to the financial statements, and therefore has not been disclosed.

The effect of adopting IFRS 15 is immaterial to the statement of profit or loss, to the statement of financial position, to the other comprehensive income for the period, and to the statement of cash flows.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information where applicable for the period beginning 1 January 2017.

The effect of adopting IFRS 9 is immaterial to the statement of profit or loss, to the statement of financial position, to the OCI for the period, and to the statement of cash flows.

The Group has taken the IFRS 9 exemption for hedge accounting to not apply, as commodity derivatives are designated as being for "own use" purposes.

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 and age, meaning the debt is split into categories with similar expected credit losses. The approach has been discussed further in note 4.4.

The ECL provision calculated as above but for intercompany receivables is immaterial to the Group's financial position.

### IFRS 16 Leases

The Group will adopt IFRS 16 from 1 January 2019 and has chosen to adopt the modified retrospective approach. Consequently, comparative information in the financial statements for the year ending 31 December 2018 will not be restated.

The new requirements will impact the Group's accounting for lease contracts.

The Group's current operating lease portfolio predominantly relates to rent paid on land which generation assets are built on, building leases, and hire of IT equipment. On transition to IFRS 16 on 1 January 2019, these leases will be brought onto the balance sheet as right-of-use assets, and the Group will recognise a corresponding liability for the amounts payable under the lease contracts.

For short-term leases (12 months or less) and leases of low value assets, the Group will elect to recognise a lease expense on a straight-line basis as permitted by IFRS 16. Short-term leases include those which end within 12 months of transition.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with our policy outlined in note 2.6.4. This will replace the previous requirement to recognise a provision for onerous lease contracts.

### Impact on lease accounting

As at the reporting date, the Group has non-cancellable operating lease commitments of approx. £8.9m.

A preliminary assessment has concluded that indicates the Group will recognise a right-of-use asset and corresponding lease liability of approximately £5.5m on transition to the new standard in 2019. This value is lower than the value of non-cancellable minimum lease payments owing to the existence of short-term and low-value leases, and the effect of discounting.

The preliminary assessment indicates that less than £0.1m of the existing lease obligations relate to short-term and leases of low value assets. The effect of discounting has been estimated for the purpose of this analysis. The anticipated effect on profit or loss compared to 2018 results for lease contracts in existence at the balance sheet is a reduction in administrative and operating expenses of approximately £0.7m, offset by increases in depreciation of approximately £0.7m and finance costs of less than £0.1m.

Actual values may differ from those in this preliminary announcement.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. 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 re-assesses 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.

### 2.5 Revenue recognition

The Group is in the business of providing a supply of electricity, gas, generation of power, and sale of generation development sites, as well as FiT administration services. Revenue from contracts with customers is recognised when control of the goods or services are 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 Note 4.

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.



# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

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 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 between the date of the last meter reading and the end of the reporting period. 14% 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 fourteen months after the supply date. Unbilled receivables 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 receivables is considered to be a variable consideration which is not constrained as the Group considers it to be highly probable that a significant amount will not be reversed after year end. Unbilled receivables and the variable consideration 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 Ltd, 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.

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.

### 2.5.2 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.

### 2.5.3 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, and the amount receivable is a contingent asset.

### 2.5.4 Generation development site revenue recognition

Revenue is recognised on 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 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) 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

#### 2.6.1 Definite life intangible assets

Definite life intangible assets comprise software licences and website development costs, which meet the criteria of IAS 38 "Intangible assets". The software licences and website development costs 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.

#### 2.6.2 Indefinite life intangible assets

The Power Supply Licence is held as an indefinite life intangible asset according to the criteria of IAS 38 "Intangible assets". The Power Supply Licence 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.

#### 2.6.3 Amortisation

Amortisation on definite life intangible assets is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Software Licenses	between 3 and 10 years
Website development costs	between 2 and 5 years

Amortisation of intangible assets is included in the Consolidated Statement of Comprehensive Income in 'administrative expenses'.

#### 2.6.4 Impairment

The Directors regularly review intangible assets for impairment and provision is made if necessary. Assets with an indefinite useful life, eg goodwill and the Power Supply Licence are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in 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.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### 2.7 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

The useful economic lives of assets and their residual values are reviewed on an annual basis and revised where considered appropriate. The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

### 2.8 Investments

The parent company holds investment in subsidiary companies and are accounted for at cost less impairment in the Parent Company accounts only.

### 2.9 Leases

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.

### 2.10 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.

### 2.11 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.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### 2.12 Current and deferred taxation

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 the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

The tax credit or charge represents the sum of the tax currently receivable and deferred tax. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each financial period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries 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 at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

### 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.

### 2.14 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 and borrowings. Financial assets and liabilities are recognised on the Consolidated Statement of Financial Position when the company has become a party to the contractual provisions of the instrument.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### 2.14.1 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 provision for impairment. 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 expected credit losses (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.

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.

### 2.14.2 Financial liabilities and equity

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

### 2.14.3 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.

### 2.14.4 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 24.

### 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.

# Notes to the Financial Statements

## 2. Summary of Significant Accounting Policies (continued)

### 2.15 Decommissioning costs (continued)

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 as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

### 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; (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example, 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 (for example, 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 company 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 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.

### 2.18 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.

### 2.19 Finance income

Finance income is received in respect of cash deposits and is recognised using the effective interest method.

### 2.20 Dividend distribution

Dividend distribution to the 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 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 which indicate that in the Directors' opinion it 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 liquidity analysis of financial instruments based on contractual undiscounted cash flows is provided below:

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	-	-	-
<b>Total</b>	<b>46,428</b>	<b>5,725</b>	<b>31,791</b>	<b>41,321</b>

Consolidated 31 December 2017	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	4,863	4,587	18,527	-
Borrowings	8,867	5,162	14,358	46,132
Trade and other payables	32,671	-	-	-
<b>Total</b>	<b>46,401</b>	<b>9,749</b>	<b>32,885</b>	<b>46,132</b>

# Notes to the Financial Statements

## 3. Financial and Capital Risk Management (continued)

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	-	-	-
<b>Total</b>	<b>8,289</b>	<b>911</b>	<b>17,525</b>	<b>-</b>

Parent 31 December 2017	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	4,863	4,587	18,527	-
Borrowings	483	425	112	-
Loans from group companies	188	-	-	-
Trade and other payables	334	-	-	-
<b>Total</b>	<b>5,868</b>	<b>5,012</b>	<b>18,639</b>	<b>-</b>

### 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 2018 no euros (2017: no euros) were purchased forward. The annual exposure to sterling euro exchange rate movements is currently £3k 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.



# Notes to the Financial Statements

## 3. Financial and Capital Risk Management (continued)

### 3.1.2a Commodity price risk

The Group's operations results 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 2018 and 2017, the Group's trade and other receivables were classed as due within one year, details of which are included in note 19. The Group's policy is to undertake credit checks where appropriate on new customers and to provide for Expected Credit Loss 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 Loss and believe that there is no further credit risk.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Directors monitor 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 and age, meaning the debt is split into categories with similar expected credit losses. An impairment analysis was performed at each reporting date using a provision matrix to measure 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	2018 £000's	2017 £000's
Total borrowings	24	60,727	69,938
Less: cash in restricted deposit accounts		(4,166)	(3,220)
Less: cash and cash equivalents	20	(15,662)	(13,720)
Net debt*		40,899	52,998
Total equity		18,826	18,085
<b>Total capital</b>		<b>59,725</b>	<b>71,083</b>
<b>Gearing ratio</b>		<b>68.5%</b>	<b>74.6%</b>

During 2018, the Group's strategy, which was 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 re-structure 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 2018 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 table below presents the Group's financial assets that are measured at fair value, by valuation method at 31 December 2018. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3);

If one or more of the significant inputs is not based on observable market data, the instrument is included in 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.

# Notes to the Financial Statements

## 3. Financial and Capital Risk Management (continued)

As a result of this process, the Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to Nil, following recent news announcements on government position on offering a contract for difference to the project. The Board have decided that due to the uncertainty regarding ongoing investment in the project and the likelihood of realising a return on the initial investment, it is prudent to reflect this in a lower valuation. Under IFRS 13, this impairment would not be permanent and could be uplifted again should the circumstances change.

The investment had a carrying value as at 31 December 2017 of £0.5m and will be reported under Discontinued Operations.

2018	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
<b>Assets</b>				
<b>Fair value through profit or loss assets</b>				
Unlisted securities	-	-	-	-
<b>Total assets</b>	-	-	-	-

2017	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
<b>Assets</b>				
<b>Fair value through profit or loss assets</b>				
Unlisted securities	-	-	500	500
<b>Total assets</b>	-	-	500	500

There were no changes in Level 3 instruments for the year ended 31 December 2018.

# Notes to the Financial Statements

## 4. Critical Accounting Estimates

### *Judgements*

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 estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events. The most critical of these accounting judgements and estimates are detailed below. Given the nature of the estimates and judgements made, unless explicitly stated otherwise, it is not appropriate to provide a sensitivity analysis of the judgements and estimates noted.

### **4.1 Revenue from contracts with customers**

#### *4.1.1 Estimates over revenue from contracts with customers*

Revenue calculated from energy sales includes an estimate of the quantity in units of electricity or gas supplied to customers between the date of the last meter reading and the end of the reporting period. 14% 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 fourteen months after the supply date.

#### *Provision for expected credit losses of trade receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. 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.

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 information about the ECLs on the Group's trade receivables is disclosed in Note 7.

#### *4.1.2 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:

- 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 are 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.

- Determining the timing and satisfaction of the services

# Notes to the Financial Statements

## 4. Critical Accounting Estimates

Revenue for these services is to be recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Group.

- 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.

### 4.2 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.

### 4.3 Inventories

The Group carries ROCs as stock in its balance sheet. 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.

### 4.4 Provisions for Expected Credit Losses

The assessments undertaken in recognising provision have been made in accordance with IFRS 9. A provision for impairment of trade receivables is established based on an expected credit loss model. Please see note 4.1 above for detail.

# Notes to the Financial Statements

## 5. Discontinued operations

The group has discontinued its Generation Development activities but is exploring a number of potential options to realise value from the portfolio, through partnerships or sales to external parties who will continue to develop the sites. The results of this segment are shown in the segmental analysis of the Group statement of comprehensive income in note 6.

The major classes of assets of the Generation Development segment are classified as disposal groups held for sale (see note 21) or Generation Development site inventories (see note 18).

There is a £56k tax charge related to the discontinued operations for the year ended 31 December 2018. During the year there was a loss on the remeasurement to Fair Value Less Costs to Sell of £54k in regards to the valuation of the Mapperton transformer (£354k to £300k).

The net cash flows of the discontinued operations in the year are as follows:-

	2018	2017
	£000's	£000's
Operating	(397)	(262)
Investing	151	-
Financing	607	267
<b>Net cash inflow/(outflow)</b>	<b>361</b>	<b>5</b>

<b>Earnings per share</b>	<b>2018</b>	<b>2017</b>
	£000's	£000's
Basic and diluted, loss for the year from discontinued operations	(4.6p)	(25.2p)

## 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 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
<b>Revenue</b>									
Revenue from contracts with customers	80,121	4,856	27,998	<b>112,975</b>	195	-	113,170	9	113,179
FIT/ROC subsidy revenue	-	-	-	-	3,745	-	3,745	-	3,745
Inter-segment revenue	-	-	-	-	4,369	(4,369)	-	-	-
<b>Total revenue</b>	<b>80,121</b>	<b>4,856</b>	<b>27,998</b>	<b>112,975</b>	<b>8,309</b>	<b>(4,369)</b>	<b>116,915</b>	<b>9</b>	<b>116,924</b>
<b>Expenditure</b>									
Cost of sales	(60,190)	(873)	(18,575)	<b>(79,638)</b>	(3,828)	-	(83,466)	(72)	(83,538)
Inter-segment cost of sales	(4,369)	-	-	<b>(4,369)</b>	-	4,369	-	-	-
Gross profit	15,562	3,983	9,423	<b>28,968</b>	4,481	-	33,449	(63)	33,386
Administrative expenses				<b>(22,172)</b>	(315)	(3,087)	(25,574)	(124)	(25,698)
Tidal Lagoon write off				-	-	500	500	(500)	-
Depreciation & amortisation				<b>(1,081)</b>	-	(645)	(1,726)	-	(1,726)
Operating profit/(loss)				<b>5,715</b>	4,166	(3,232)	6,649	(687)	5,962
Net finance income/ (costs)				<b>12</b>	(3,574)	(783)	(4,345)	-	(4,345)
Profit/(loss) before tax				<b>5,727</b>	592	(4,015)	2,304	(687)	1,617
<b>Segments assets &amp; liabilities</b>									
Segment assets				<b>63,898</b>	99,253	(52,095)	111,056	7,734	118,790
Segment liabilities				<b>51,116</b>	104,897	(73,546)	82,467	17,497	99,964
Net assets/ (liabilities)				<b>12,782</b>	(5,644)	21,451	28,589	(9,763)	18,826
Additions to non-current assets				<b>1,577</b>	34	6	1,617	(4)	1,613

# Notes to the Financial Statements

## 6. Segmental Analysis (continued)

Year ended 31 December 2017	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
<b>Revenue</b>									
Revenue from contracts with customers	68,801	5,006	25,517	<b>99,324</b>	1,540	-	100,864	17	100,881
FIT/ROC subsidy revenue	-	-	-	-	3,645	-	3,645	-	3,645
Inter-segment revenue	-	-	-	-	3,688	(3,688)	-	-	-
<b>Total Revenue</b>	<b>68,801</b>	<b>5,006</b>	<b>25,517</b>	<b>99,324</b>	<b>8,873</b>	<b>(3,688)</b>	<b>104,509</b>	<b>17</b>	<b>104,526</b>
<b>Expenditure</b>									
Cost of sales	(52,139)	(505)	(17,710)	<b>(70,354)</b>	(4,824)	-	(75,178)	(3,700)	(78,878)
Inter-segment cost of sales	(3,688)	-	-	<b>(3,688)</b>	-	3,688	-	-	-
<b>Gross Profit/ (loss)</b>	<b>12,974</b>	<b>4,501</b>	<b>7,807</b>	<b>25,282</b>	<b>4,049</b>	<b>-</b>	<b>29,331</b>	<b>(3,683)</b>	<b>25,648</b>
Administrative expenses				<b>(20,529)</b>	(391)	(1,436)	(22,356)	(328)	(22,684)
Depreciation & amortisation				<b>(1,229)</b>	-	(154)	(1,383)	(1)	(1,384)
Operating profit/(loss)				<b>3,524</b>	<b>3,658</b>	<b>(1,590)</b>	<b>5,592</b>	<b>(4,012)</b>	<b>1,580</b>
Net finance income/ (costs)				<b>(32)</b>	(4,947)	121	(4,858)	-	(4,858)
<b>Profit/(loss) before tax</b>				<b>3,492</b>	<b>(1,289)</b>	<b>(1,469)</b>	<b>734</b>	<b>(4,012)</b>	<b>(3,278)</b>
<b>Segments assets &amp; liabilities</b>									
Segment assets				<b>59,756</b>	106,195	(52,315)	113,636	8,453	122,089
Segment liabilities				<b>52,348</b>	111,947	(72,741)	91,554	12,450	104,004
<b>Net assets/ (liabilities)</b>				<b>7,408</b>	<b>(5,752)</b>	<b>20,426</b>	<b>22,082</b>	<b>(3,997)</b>	<b>18,085</b>
<b>Additions to non-current assets</b>				<b>817</b>	<b>5,677</b>	<b>159</b>	<b>6,653</b>	<b>-</b>	<b>6,653</b>

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	2018 £000's	2017 £000's
<b>The operating profit is stated after charging:</b>			
Depreciation of property, plant and equipment	15	2,948	3,233
Amortisation of intangible assets	16	858	1,009
Operating lease rentals		880	1,191
<b>Auditors' Remuneration</b>			
Audit of parent and consolidated financial statements		60	27
Audit of subsidiaries		96	98
Fees in relation to overruns of 2017 audit		48	-
<b>Subtotal (audit)</b>		<b>204</b>	<b>125</b>
Other services		-	10
<b>Subtotal (non-audit)</b>		<b>-</b>	<b>10</b>
<b>The administrative expenses comprise the following:</b>			
Staff costs		13,622	10,929
Rent and office costs		3,869	5,421
Marketing costs		2,005	2,660
Professional fees and bank charges		3,268	3,292
Expected Credit Loss provision		3,576	2,041
Write back of unclaimed overpayments		(1,027)	-
Depreciation and amortisation		1,232	1,230
WIP writedown		378	-
Write down of investment in Tidal Lagoon		500	-
Gain on disposal of Newton Downs site		-	(1,505)
<b>Total</b>		<b>27,423</b>	<b>24,068</b>

The Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to nil, following recent news announcements on the future of the project. The investment had a carrying value as at 31 December 2017 of £0.5m.

In the second half of 2018, a new policy for credit write backs was approved by the Board. This states that all credits on final customer accounts will be written back after all reasonable endeavours have been made to contact the customer. The exceptional credit in 2018 incorporates remaining credit balances from previously utilised systems and covers the period from 2003 to 2016. On an ongoing basis, the release of credits will be included within administrative costs.

# Notes to the Financial Statements

## 8. Profit of the Parent Company

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.

## 9. Staff Costs

Staff costs, including Directors' remuneration, were as follows:

	2018	2017
	£000's	£000's
Wages and salaries	9,520	11,628
Social security costs	1,019	1,103
Share based payments	358	263
Other pension costs	459	472
<b>Total staff costs</b>	<b>11,356</b>	<b>13,466</b>
Capitalised staff costs	(202)	(148)
<b>Total expensed staff costs</b>	<b>11,154</b>	<b>13,318</b>

Details of share based payments can be found in note 30.

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

	2018	2017
	Number	Number
Operations	110	132
Business services	186	199
<b>Total management and administration</b>	<b>296</b>	<b>331</b>

The total numbers of employees, including the Directors, at the year end were as follows:

	2018	2017
	Number	Number
Operations	119	129
Business services	184	188
<b>Total management and administration</b>	<b>303</b>	<b>317</b>

# Notes to the Financial Statements

## 10. Directors' and Key Management Remuneration

Directors' and Key Management emoluments	2018	2017
	£000's	£000's
Short term employee benefits	1,373	1,470
Post employment benefits	107	115
Share based payments	358	262
<b>Total</b>	<b>1,838</b>	<b>1,847</b>

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 3 Directors of the Group (2017: 3) in respect of money purchase pension schemes.

In respect of the highest paid Director, the Group paid remuneration of £323,336 (2017: £252,154), including contributions to the money purchase pension scheme of £27,170 (2017: £25,750).

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, 100,350 share options were exercised by Directors or key management (2017: nil). The aggregate amount of gains made by directors or key management on the exercise of share options was £121,476 (2017: nil).

Details of the directors' remuneration as required by AIM rule 19 are given in the table in the directors' remuneration report on page 53 and are included in this note by cross reference.

## 11. Finance Income

	2018	2017
	£000's	£000's
Bank and other interest receivables	16	2

# Notes to the Financial Statements

## 12. Finance Costs

	2018	2017
	£000's	£000's
On bank loans and overdrafts	3,051	3,082
On corporate bond	1,092	1,345
Other interest payable	26	203
Amortisation of debt issue costs	192	230
<b>Total</b>	<b>4,361</b>	<b>4,860</b>

## 13. Taxation

	2018	2017
	£000's	£000's
<b>Analysis of tax charge in year</b>		
<b>Current tax (see note below)</b>		
Current Tax	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	505	(732)
Adjustments in respect of prior years	211	187
<b>Total deferred tax (see note 23)</b>	<b>716</b>	<b>(545)</b>
<b>Tax on profit/(loss) on ordinary activities</b>	<b>716</b>	<b>(545)</b>

Adjustments in respect of prior years' deferred tax amounts are from updated assumptions regarding capital allowances claimed and allowable expenditure.

Income tax expense/(credit) reported in the statement of profit and loss – continuing operations	660	(566)
Income tax attributable to a discontinued operation	56	21
<b>Total tax charge/(credit) for year</b>	<b>716</b>	<b>(545)</b>

# Notes to the Financial Statements

## 13. Taxation (Continued)

### Factors affecting the tax credit for the year

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained as follows:

	2018	2017
	£000's	£000's
Accounting profit before tax from continuing operations	2,304	734
Loss before tax from discontinued operations	(687)	(4,012)
<b>Accounting profit/(loss) before income tax</b>	<b>1,617</b>	<b>(3,278)</b>
Profit/(loss) before tax multiplied by the standard rate of Corporation Tax in the UK of 19.00% (2017: 19.25%)	307	(631)
<b>Tax effects of:</b>		
Expenses not deductible for tax purposes	235	48
Non-taxable gain on sale of investment	-	(298)
Effects of changes in tax rate	(46)	97
Restricted interest costs deduction	(85)	52
Prior year adjustment - deferred tax	211	187
Deferred tax on losses not recognised	132	-
Deferred tax on interest costs recognised	(38)	-
<b>Total tax charge/(credit) for year</b>	<b>716</b>	<b>(545)</b>

### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rates to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Notes to the Financial Statements

## 13. Taxation (Continued)

### Corporation tax payable/(recoverable) as per Statement of Financial Position

Parent Company		Consolidated	
2018	2017	2018	2017
£000's	£000's	£000's	£000's
UK Corporation Tax on profits for the year	-	-	-

## 14. Earnings/(loss) Per Ordinary 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 403,270 (2017: 463,239) shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

	Consolidated	
	2018	2017
Profit/(loss) attributable to owners of the Company (£000's)	901	(2,733)
Basic weighted average number of ordinary shares (000's)	16,109	16,006
<b>Basic earnings/(loss) per share</b>	<b>5.6p</b>	<b>(17.1p)</b>

Continuing operations	Consolidated	
	2018	2017
Profit/(loss) attributable to owners of the Company (£000's)	1,644	1,300
Basic weighted average number of ordinary shares (000's)	16,109	16,006
<b>Basic earnings/(loss) per share</b>	<b>10.2p</b>	<b>8.1p</b>

### 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 Ordinary Share (Continued)

The greater any such excess, the greater the dilutive effect. In accordance with IAS 33 'Earnings per share', for the purposes of calculating diluted loss per share, the effect of potentially dilutive ordinary shares was not taken into account for the year ended 31 December 2017 due to there being a loss for the year. The average market price of the Company's ordinary shares during the year was 126p (2017: 230p). The dilutive effect of share-based incentives was 289,262 (2017: nil). The dilutive effect of share-based incentives for continuing operations was 289,262 shares (2017: 918,989 shares).

	Consolidated	
	2018	2017
Profit/(loss) attributable to owners of the Company (£000's)	901	(2,733)
Weighted average number of diluted ordinary shares (000's)	16,399	16,006
<b>Diluted earnings/(loss) per share</b>	<b>5.5p</b>	<b>(17.1p)</b>

Continuing operations	Consolidated	
	2018	2017
Profit/(loss) attributable to owners of the Company (£000's)	1,664	1,300
Weighted average number of diluted ordinary shares (000's)	16,399	16,925
<b>Diluted earnings/(loss) per share</b>	<b>10.0p</b>	<b>7.7p</b>

# Notes to the Financial Statements

## 15. Property, Plant and Equipment

Consolidated Year ended 31 December 2018	Leasehold improvements	Furniture, fittings & equipment	Generation assets	Total
	£000's	£000's	£000's	£000's
<b>Cost</b>				
At 1 January 2018	532	1,649	62,051	64,232
Assets held for sale	-	-	(4)	(4)
Additions	145	151	34	330
Disposals	-	-	-	-
<b>At 31 December 2018</b>	<b>677</b>	<b>1,800</b>	<b>62,081</b>	<b>64,558</b>
<b>Accumulated depreciation</b>				
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	-	-	-	-
<b>At 31 December 2018</b>	<b>(479)</b>	<b>(1,406)</b>	<b>(12,322)</b>	<b>(14,207)</b>
<b>Net book value</b>				
At 1 January 2018	138	523	52,312	52,973
<b>At 31 December 2018</b>	<b>198</b>	<b>394</b>	<b>49,759</b>	<b>50,351</b>



# Notes to the Financial Statements

## 15. Property, Plant and Equipment (continued)

Consolidated Year ended 31 December 2017	Leasehold improvements	Furniture, fittings & equipment	Generation assets	Assets under construction	Total
	£000's	£000's	£000's	£000's	£000's
<b>Cost</b>					
At 1 January 2017	510	988	65,982	180	67,660
Assets held for sale	-	-	(4,424)	-	(4,424)
Transfer of assets under construction	-	180	-	(180)	-
Additions	22	552	5,341	-	5,915
Disposals	-	(71)	(4,848)	-	(4,919)
<b>At 31 December 2017</b>	<b>532</b>	<b>1,649</b>	<b>62,051</b>	<b>-</b>	<b>64,232</b>
<b>Accumulated depreciation</b>					
At 1 January 2017	(334)	(826)	(7,003)	-	(8,163)
Assets held for sale	-	-	137	-	137
Charge for the year	(60)	(300)	(2,873)	-	(3,233)
Disposals	-	-	-	-	-
<b>At 31 December 2017</b>	<b>(394)</b>	<b>(1,126)</b>	<b>(9,739)</b>	<b>-</b>	<b>(11,259)</b>
<b>Net book value</b>					
At 1 January 2017	176	162	58,979	180	59,497
<b>At 31 December 2017</b>	<b>138</b>	<b>523</b>	<b>52,312</b>	<b>-</b>	<b>52,973</b>

The Generation assets relate to electricity generating assets (wind turbines, solar panels and ancillaries). Those assets 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 have been pledged as security against bank and other loan liabilities.

Assets reclassified to assets held for sale are disclosed in note 21.

# Notes to the Financial Statements

## 16. Intangible Assets

Consolidated Year ended 31 December 2018	Power supply Licences	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	£000's
<b>Cost</b>						
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)
<b>At 31 December 2018</b>	<b>180</b>	<b>5,604</b>	<b>149</b>	<b>1,446</b>	<b>1,110</b>	<b>8,489</b>
<b>Accumulated amortisation</b>						
At 1 January 2018	-	(4,036)	(9)	-	-	(4,045)
Charge for the year	-	(867)	-	-	-	(867)
Disposal	-	-	9	-	-	9
<b>At 31 December 2018</b>	<b>-</b>	<b>(4,903)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,903)</b>
<b>Net book value</b>						
At 1 January 2018	180	1,424	143	1,446	351	3,544
<b>At 31 December 2018</b>	<b>180</b>	<b>701</b>	<b>149</b>	<b>1,446</b>	<b>1,110</b>	<b>3,586</b>

Consolidated Year ended 31 December 2017	Power supply Licences	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	£000's
<b>Cost</b>						
At 1 January 2017	180	3,462	9	1,446	1,740	6,837
Transfer of assets in course of development	-	1,597	143	-	(1,740)	-
Additions	-	401	-	-	351	752
<b>At 31 December 2017</b>	<b>180</b>	<b>5,460</b>	<b>152</b>	<b>1,446</b>	<b>351</b>	<b>7,589</b>

# Notes to the Financial Statements

## 16. Intangible Assets (continued)

### Accumulated amortisation

At 1 January 2017	-	(3,027)	(9)	-	-	(3,036)
Charge for the year	-	(1,009)	-	-	-	(1,009)
<b>At 31 December 2017</b>	<b>-</b>	<b>(4,036)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(4,045)</b>

### Net book value

At 1 January 2017	180	435	-	1,446	1,740	3,801
<b>At 31 December 2017</b>	<b>180</b>	<b>1,424</b>	<b>143</b>	<b>1,446</b>	<b>351</b>	<b>3,544</b>

Assets under the course of development relate to the implementation of new Smart meter technology & a new app interface.

All amortisation amounts are included within administration expenses.

Goodwill of £1,446,453 (2017: £1,446,453) comprises £1,060,996 (2017: £1,060,996) arising from the original acquisition of Good Energy Limited, and £385,457 (2017: £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 (2017: £1,446,453) and Power Supply Licence of £180,000 (2017: £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 licence is awarded until any breach of conditions stipulated by Ofgem and the treatment of goodwill is aligned with the accounting standards. An impairment review is undertaken annually or more frequently.

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	2018	2017
Gross margin*	20%-30%	20%-30%
Growth rate beyond five year plan	3%	2%
Pre tax discount rate	8%	11%

\*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 16% 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.

# Notes to the Financial Statements

## 17a. Investments and Intercompany Receivables

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)
<b>At 31 December 2018</b>	<b>4,646</b>	<b>30,602</b>	<b>35,248</b>

Parent Company Year ended 31 December 2017	Shares in Group undertakings	Loans to Group undertakings	Total
	£000's	£000's	£000's
Cost and Net book value			
At 1 January 2017	4,646	37,610	42,256
Additions	-	23,861	23,861
Provisions	-	(4,000)	(4,000)
Repayments	-	(20,423)	(20,423)
<b>At 31 December 2017</b>	<b>4,646</b>	<b>37,048</b>	<b>41,694</b>

Loans to Group undertakings are repayable by 31 December 2020. Interest rates charged on these loans range from 2.75% to 8.85%.

The Group had the following subsidiaries at 31 December 2018 (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	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

# Notes to the Financial Statements

## 17a. Investments and Subsidiaries (continued)

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 Limited*	UK	100%	generation of electric power by solar panels
Good Energy Creathorne Solar Park Limited*	UK	100%	generation of electric power by solar panels
Good Energy Rook Wood Solar Park Limited*	UK	100%	generation of electric power by solar panels
Good Energy Carloggas Solar Park Limited*	UK	100%	generation of electric power by solar panels
Good Energy Lower End Solar Park Limited*	UK	100%	generation of electric power by solar panels
Good Energy Cross Roads Plantation Solar Park Limited*	UK	100%	generation of electric power by solar panels
Good Energy Delabole Wind Farm 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 Limited	UK	100%	development of an energy generating asset
Good Energy Mapperton Solar Park Limited	UK	100%	development of an energy generating asset
Good Energy Brynwhilach Solar Park 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

# Notes to the Financial Statements

## 17a. Investments and Subsidiaries (continued)

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
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

# Notes to the Financial Statements

## 17a. Investments and Subsidiaries (continued)

Good Energy Development (No.30) Limited	UK	100%	development of an energy generating asset
Hornegrown Energy Limited	UK	100%	dormant

\*Entities indirectly owned by Good Energy Group PLC.

The subsidiaries above have all been included in the consolidated financial statements.

### Impairment

The Group performed an impairment test in December 2018. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2018, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment.

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%, 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 Expected Credit Loss 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** – Discount rates represent 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 9% would result in impairment.

**Growth rate estimates** – Rates are based on management's prudent estimates of expected growth rates. A decrease in the growth rate estimate to 1.9% would result in impairment.

# Notes to the Financial Statements

## 17b. Fair Value Through Profit or Loss Financial Assets

Consolidated		Fair value through profit or loss financial assets
Year ended 31 December 2018		£000's
Cost and Net book value		
At 1 January 2018		500
Impairment		(500)
At 31 December 2018		-

As part of our overall financial review, we continue to monitor the fair value of all of our investments thorough both an understanding of the wider environment in addition to the underlying economics of all assets across the business.

As a result of this process, the Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to Nil, following recent news announcements on government position on offering a contract for difference to the project. The impairment will be for the value of £500k. The Board have decided that due to the uncertainty regarding ongoing investment in the project and the likelihood of realising a return on the initial investment, it is prudent to reflect this in a lower valuation. Under IFRS 13, this impairment would not be permanent and could be uplifted again should the circumstances change.

The investment had a carrying value as at 31 December 2017 of £0.5m and will be reported under Discontinued Operations.

## 18. Inventories

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Renewable Obligation Certificates	-	-	8,434	8,927
Emission Certificates	-	-	146	-
Generation Development sites	-	-	-	954
<b>Total</b>	-	-	<b>8,580</b>	<b>9,881</b>

As at 31 December 2018 there were Renewable Obligation Certificates (ROCs) of £5,199,973 (2017: £5,804,944) 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 £10.9m (2017: £3.7m).



# Notes to the Financial Statements

## 19. Trade and Other Receivables

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Gross trade receivables and unbilled receivables	817	-	31,349	33,526
Provision for impairment/non-payment of trade receivables	-	-	(5,922)	(4,535)
Net trade receivables and unbilled receivables	817	-	25,427	28,991
Prepayments and other debtors	94	163	4,087	1,647
Other taxation	9	15	282	2,060
Total	920	178	29,796	32,698

Where a customer account is in credit this is included in contract liabilities in note 27 'Trade and other payables'.

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. 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	2018	2017
	£000's	£000's
Balance at 1 January	4,535	3,932
Increase in allowance for impairment/non-payment	3,576	2,041
Impairment/non-payment losses recognised	(2,189)	(1,438)
Balance at 31 December	5,922	4,535

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

# Notes to the Financial Statements

## 19. Trade and Other Receivables (continued)

Trade receivables 31 December 2017	Contract assets £000's	Current £000's	Days past due				Total £000's
			<30 days	30-60 days	61-90 days	>91 days	
			£000's	£000's	£000's	£000's	
Expected Credit Loss rate	-	2%	3%	6%	16%	34%	
Estimated total gross carrying amount at default	-	14,500	4,329	2,298	1,564	10,835	33,526
Expected Credit Loss rate	-	356	140	141	243	3,655	4,535

All trade receivables are designated as financial assets measured at amortised cost.

## 20. Cash and Cash Equivalents

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Cash at bank and in hand	309	568	8,040	9,878
Short-term bank deposits	-	-	3,081	831
Security deposits	-	-	4,541	3,011
Total	309	568	15,662	13,720

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 consolidated position is £215,579 (2017: £200,321) 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	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
AA-	215	200	215	200
A+	-	274	10,501	9,882
A	-	-	1,000	450
B-	94	94	406	627
BBB+	-	-	3,540	2,561
Total	309	568	15,662	13,720

Cash and cash equivalents are all financial assets designated as financial assets at amortised cost.

# Notes to the Financial Statements

## 21. Disposal groups held for sale

	Consolidated 2018	Consolidated 2017
	£000's	£000's
Property, plant and equipment	6,649	5,553
<b>Total assets</b>	<b>6,649</b>	<b>5,553</b>
<b>Carrying value</b>	<b>6,649</b>	<b>5,553</b>

The property, plant and equipments assets held for sale at 31 December 2018 relate to Good Energy Brynwhilach Solar Park Limited, sale contracts were exchanged before the balance sheet date. These also relate to a wind development project, residential property and a transformer. These were actively marketed for sale in the year ended 31 December 2018.

## 22. Share Capital and Share Premium

	Parent Company & Consolidated		
	Number of shares issued and fully paid	Share Capital	Share Premium Account
		£000's	£000's
At 1 January 2017	16,484,703	825	12,546
Proceeds from shares issued	32,457	1	106
At 31 December 2017	16,517,160	826	12,652
Proceeds from shares issued	54,361	3	67
At 31 December 2018	<b>16,571,521</b>	<b>829</b>	<b>12,719</b>

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 2018, the company issued 54,361 ordinary shares of 5p each for total consideration of £69,621 resulting in a share premium of £66,903. This relates to two scrip dividend issues in lieu of full year and interim dividend cash payments of 35,845 and 18,516 shares respectively (2017: 22,071 and 10,386 shares respectively). Share premium in the period includes a further credit of £8,701 in relation to the final costs incurred against the 2017 share issue.

Clarke Willmott Trust Corporation Limited holds in trust 403,270 (2017: 463,239) 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 shown in the Consolidated and Parent Company Statements of Changes in Equity. During the year the Trust disposed of 59,969 (2017: 32,500) shares as a result of options exercised and acquired nil (2017: nil) shares.

The Directors recommend a final dividend of 2.5p per share (2017: 2.3p) subject to shareholder approval at the Company's AGM.

# Notes to the Financial Statements

## 23. Deferred Taxation

The provision for deferred taxation is made up as follows:

Consolidated	2018	2017
	£000's	£000's
At 1 January	145	684
(Credited)/charged to the Consolidated Statement of Comprehensive Income	717	(545)
Elimination on disposal of subsidiaries	-	(100)
Charged to equity	65	106
<b>At 31 December</b>	<b>927</b>	<b>145</b>

Deferred tax assets	2018	2017
	£000's	£000's
On short term timing differences	65	123
Losses	860	1,809
Interest deductible	11	-
<b>Total</b>	<b>936</b>	<b>1,932</b>

Deferred tax liabilities	2018	2017
	£000's	£000's
On accelerated capital allowances	1,863	2,077

# Notes to the Financial Statements

## 23. 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)					
<b>At 1 January 2017</b>	(1,642)	236	722	-	(684)
Credited/(charged) to income statement	(537)	(7)	1,089	-	545
Elimination on disposal of subsidiaries	100	-	-	-	100
(Charged) to equity	-	(106)	-	-	(106)
<b>At 31 December 2017</b>	(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)
<b>At 31 December 2018</b>	(1,863)	65	860	11	(927)

Deferred tax assets have not been recognised in respect of pre 1 April trading losses. If the Group were able to recognise the deferred tax asset the profit would increase by £176k.

# Notes to the Financial Statements

## 24. Borrowings and Other Financial Liabilities

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Current:				
Bank and other borrowings	411	447	2,668	5,606
Bond	3,595	8,288	3,595	8,288
Loans from Group companies	3,528	187	-	-
<b>Total</b>	<b>7,534</b>	<b>8,922</b>	<b>6,263</b>	<b>13,894</b>

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Non current:				
Bank and other borrowings	108	519	37,297	39,378
Bond	17,167	16,666	17,167	16,666
<b>Total</b>	<b>17,275</b>	<b>17,185</b>	<b>54,464</b>	<b>56,044</b>

The Group has undrawn bank overdraft facilities of £10,000,000 (2017 : £10,000,000) as at 31 December 2018 and undrawn revolving credit facilities of nil (2017 : £822,140). These facilities are secured by guarantees from Good Energy Limited, Good Energy Gas Limited and other group entities.

At 31 December 2018, £6,193,641 (2017: £6,834,591) of the bank loans relate to the 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

## 24. Borrowings and Other Financial Liabilities (continued)

At 31 December 2018, £34,990,240 inclusive of £605,731 of accrued interest (2017: £35,704,211 inclusive of £617,341 of accrued interest) of the bank loans relate to the 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 (2017: £2,754,299) and are being amortised over the life of the loan.

The Bond I holders who rolled over to Bond II in 2017 deemed to have had their terms substantially modified and have been treated for accounting purposes as a derecognition of the original bond and a recognition of a new liability. Bond I holders who have remained in Bond I have not been deemed to have had their terms substantially modified and so have been treated for accounting purposes as a modification of their existing liability. The modification of the liability was not material to the financial statements.

Parent Company	Inter-company loan	Bond	Bank and other borrowings	Finance Lease	Total
	£000's	£000's	£000's	£000's	£000's
31 December 2018					
Due less than 1 year	3,529	3,595	65	345	7,534
Due between 1 and 5 years	-	17,167	58	50	17,275
Total	3,529	20,762	123	395	24,809

Parent Company	Inter-company loan	Bond	Bank and other borrowings	Finance Lease	Total
	£000's	£000's	£000's	£000's	£000's
31 December 2017					
Due less than 1 year	188	8,288	89	357	8,922
Due between 1 and 5 years	-	16,666	124	395	17,185
Total	188	24,954	213	752	26,107

# Notes to the Financial Statements

## 24. Borrowings and Other Financial Liabilities (continued)

Consolidated	Bank and other borrowings	Bond	Total
	£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

Consolidated	Bank and other borrowings	Bond	Total
	£000's	£000's	£000's
31 December 2017			
Due less than 1 year	5,606	8,288	13,894
Due between 1 and 5 years	8,121	16,666	24,787
Due more than 5 years	31,257	–	31,257
Total	44,984	24,954	69,938

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 2018 are:

	2018	2018	2017	2017
	Fair value	Carrying value	Fair value	Carrying value
	£000s	£000s	£000s	£000s
Good Energy Delabole Wind farm Ltd	6,378	6,352	6,867	6,835
Good Energy Generation Assets No. 1 Limited	35,463	34,990	36,300	35,883
Corporate bond	20,353	20,409	24,776	24,637

Borrowings are designated as other financial liabilities held at amortised cost.



# Notes to the Financial Statements

## 25. Changes in liabilities arising from financing activities

	1 January 2018	Cash flows	Other	31 December 2018
	£000's	£000's	£000's	£000's
Current interest-bearing loans and borrowings (excluding items listed below)	13,894	(8,655)	613	5,852
Non-Current interest-bearing loans and borrowings (excluding items listed below)	56,044	-	(1,688)	54,356
Current obligations under finance leases and hire purchase contracts	446	(447)	412	411
Non-Current obligations under finance leases and hire purchase contracts	519	-	(411)	108
Dividends payable	379	(462)	463	380
Total liabilities from financing activities	71,282	(9,564)	(611)	61,107

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases to current due to the passage of time, the accrual of dividends that were not yet paid at the year-end, 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.

## 26. 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 at 31 December 2018 is £1.42m (2017: £1.25m). The decommissioning provision is based on MWh or number of turbines for the respective generating sites.

	2018 £000s
1 January 2018	1,250
Additions to provisions	174
Charged to Profit or Loss	22
31 December 2018	1,446

# Notes to the Financial Statements

## 27. Trade and Other Payables

	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Trade payables	196	62	802	1,083
Accruals	144	272	31,028	25,880
Social security and other taxes		-	1,512	1,547
Contract liabilities			3,522	4,161
<b>Total</b>	<b>340</b>	<b>334</b>	<b>36,864</b>	<b>32,671</b>

Trade payables, accruals and other payables are designated as other financial liabilities held at amortised cost.

The total of the 2017 contract liabilities were recognised as revenue in 2018.

## 28. Dividends

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

Consolidated	2018	2017
	£000's	£000's
Final dividend prior year of 2.30p per share (2017: 2.30p)	380	379
Interim dividend current year of 1.00p per share (2017: 1.00p)	166	165
<b>Sub-total</b>	<b>546</b>	<b>544</b>
Dividends waived	(14)	(15)
<b>Total</b>	<b>532</b>	<b>529</b>

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 2.5p per share was proposed on 21 March 2019, subject to shareholder approval at the company's AGM.

Of the total dividend distributed for the year, £69,621 (2017: £69,254) was paid in the form of scrip dividends with the balance of £461,714 (2017: £459,163) settled in cash.

# Notes to the Financial Statements

## 29. Cash Generated from Operations

Reconciliation of net income to net cash provided by operating activities:

	Parent Company		Consolidated	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Profit/(loss) before tax from continuing operations	305	(2,579)	2,304	734
Loss before tax from discontinuing operations	-	-	(687)	(4,012)
Profit/(loss) before income tax	305	(2,579)	1,617	(3,278)
<b>Adjustments for:</b>				
Depreciation	150	154	2,948	3,329
Amortisation	-	-	858	1,008
Gain on assets disposals	-	-	-	(1,048)
Tidal Lagoon impairment	500	-	500	-
Write down of generation development work in progress	-	-	-	3,651
Provision against investments in and loans to subsidiaries	-	4,000	-	-
Share based payments	358	-	358	263
Dividend income from subsidiaries	(5,000)	(3,500)	-	-
Finance costs/(income) - net	783	(121)	4,345	4,858
<b>Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)</b>				
Inventories	-	-	346	(4,998)
Trade and other receivables	(743)	(104)	2,682	(16,494)
Trade and other payables	6	4	4,415	12,736
<b>Cash (outflow)/inflow from operations</b>	<b>(3,641)</b>	<b>(2,146)</b>	<b>18,069</b>	<b>27</b>

# Notes to the Financial Statements

## 30. 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 £357,633 (2017: £263,259) are recognised in the Consolidated Statement of Comprehensive Income. As at 31 December 2018, the following options had been issued:

	Number of options		Weighted average exercise price		Total exercise consideration	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017
	(Number)	(Number)	(£)	(£)	£000's	£000's
Outstanding at beginning of year	1,368,347	1,695,071	1.00	1.11	1,367	1,889
Granted	505,168	143,891	0.05	0.05	450	7
Exercised	(58,369)	(30,000)	1.36	1.25	(79)	(38)
Cancelled/surrendered	(187,875)	(440,615)	0.30	1.11	(57)	(491)
Outstanding at the end of year	1,627,271	1,368,347	1.03	1.00	1,681	1,367

\*Prior year number of share options brought forward were incorrectly overstated by 40,000 resulting in an incorrect number of share options as at 31 December of 1,408,347. This has now been corrected to the correct total of 1,368,347.

In order to partially fulfil the options granted, 403,270 (2017: 463,239) shares representing approximately 25% (2017: 33%) 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

## 30. Share Based Payments (continued)

The options expire at various dates up to September 2031. 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)	
			2018	2017
2004-2007	2019	0.75	15	35
2012-2015	2025	0.50	189	189
2012-2015	2025	1.15	162	179
2013-2016	2026	1.25	206	189
2015-2017	2027	0.00	22	102
2015-2017	2027	2.29	200	200
2015-2018	2028	2.25	100	100
2015-2018	2028	2.27	24	24
2015-2018	2028	2.29	-	-
2016-2019	2029	0.05	117	206
2017-2020	2030	0.05	87	144
2018-2021	2031	0.05	505	-
			<b>1,627</b>	<b>1,368</b>

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was £0.76 per option. The significant inputs into the model were weighted average share price of £0.89 at the grant date, exercise price shown above, volatility of 13%, dividend yield of 3%, an expected option life of three years and an annual risk-free interest rate of 0.3%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last year. See note 10 for the total expense recognised in the income statement for share options granted to Directors and employees.

## 31. Pensions

The Group operates a defined contributions 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 £458,538 (2017: £472,457).

Contributions totalling £57,630 (2017: £60,217) 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

## 32. Commitments

**32.1 Operating Lease Commitments** The future aggregate minimum lease payments are as follows:

<b>Land and Buildings</b>	<b>2018</b>	<b>2017</b>
	<b>£000's</b>	<b>£000's</b>
<b>Leases as lessee:</b>		
Less than one year	729	754
Between one and five years	2,001	2,103
More than five years	6,141	6,731
<b>Total</b>	<b>8,871</b>	<b>9,588</b>

<b>Other operating leases</b>	<b>2018</b>	<b>2017</b>
	<b>£000's</b>	<b>£000's</b>
<b>Leases as lessee:</b>		
Less than one year	3	8
Between one and five years	-	1
More than five years	-	-
<b>Total</b>	<b>3</b>	<b>9</b>

## 32.2 Capital Commitments

At 31 December 2018, the total capital commitments amount is nil (2017: nil). Of this nil (2017: nil) related to contracts agreed on solar generation projects.

**31.3 Finance lease and hire purchase commitments.** The Group has finance leases and hire purchase contracts for various items of computer hardware. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are, as follows:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Minimum payments</b>	<b>Present value of payments</b>	<b>Minimum payments</b>	<b>Present value of payments</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Within one year	71	66	96	89
After one year but not more than five years	63	58	133	124
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>134</b>	<b>124</b>	<b>229</b>	<b>213</b>
Less amounts representing finance charges	(10)	-	(16)	-
<b>Present value of minimum lease payments</b>	<b>124</b>	<b>124</b>	<b>213</b>	<b>213</b>

# Notes to the Financial Statements

## 33. Related Party Transactions

During the 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 Ltd and a former director of Good Energy Group plc.

As at 31st December 2018, Tidal Lagoon Power Ltd owed the Group £22,630 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 Shorrock, the husband of Juliet Davenport.

## 34. Subsequent Events

On 5 March 2019 we announced the strategic investment in Zap-Map's parent company, Next Green Car Ltd. We have the opportunity to acquire a majority equity position aligned with the achievement of financial and development milestones over the next two years.

Zap-Map is the go-to app for Britain's 200,000 electric vehicle ("EV") drivers - planning routes, identifying charge points, checking their availability and sharing power. Its 70,000 monthly users can choose from over 11,000 charging devices located across service stations, car parks, retail sites and private driveways from its easily navigable & intuitive app. Both the number of EV drivers in the Zap-Map community and the number of charge points in its network have been increasing rapidly, which enhances the data by actively logging the status and availability of the national charging network.

The transaction has been structured so that the initial 12.9% minority equity investment will increase to 50.1% aligned with product and financial milestones over the next two years. Total initial consideration of £1.08m, rising to a maximum of £1.80m including deferred consideration, consisting of: An initial acquisition of 12.9% of NGCL for a cash consideration of £0.28m. A further investment of £0.80m in NGCL by way of secured convertible loan notes, comprising an initial tranche of £0.4m and two further tranches of £0.2m. Deferred consideration payable on satisfaction of product milestones in July 2020 and stretching financial milestone targets in December 2021. The maximum possible deferred consideration is £0.72m. Good Energy can exercise the convertible loan up until 31 December 2021. If the convertible loan note is not exercised by Good Energy, it becomes repayable by NGCL. The consideration is to be funded from existing Good Energy cash reserves.

## 35. 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:

Good Energy Mapperton Solar Park (007) Limited  
Good Energy Lanyon Solar Park (011) Limited  
Llangyfelach Community Solar Farm C.I.C.  
Worminster Down Somerset Community Solar Farm C.I.C.  
Good Energy Development (No.1) Limited  
Good Energy Development (No.3) Limited  
Good Energy Development (No.4) Limited  
Good Energy Development (No.5) Limited  
Good Energy Development (No.6) Limited  
Good Energy Development (No.8) Limited  
Good Energy Development (No.9) Limited  
Good Energy Development (No.10) Limited  
Good Energy Development (No.12) Limited  
Good Energy Cedar Windfarm Limited  
Good Energy Tidal Limited

Good Energy Development (No.14) Limited  
Good Energy Development (No.15) Limited  
Good Energy Development (No.16) Limited  
Good Energy Development (No.17) Limited  
Good Energy Development (No.20) Limited  
Good Energy Development (No.21) Limited  
Good Energy Development (No.22) Limited  
Good Energy Development (No. 24) Limited  
Good Energy Development (No.25) Limited  
Good Energy Development (No.26) Limited  
Good Energy Development (No.27) Limited  
Good Energy Development (No.28) Limited  
Good Energy Development (No.29) Limited  
Good Energy Development (No.30) Limited  
Good Energy Development (No.7) Limited

# Notes to the Financial Statements

## 36. Generation assets – technical data

### Wind farms

Hampole, South Yorkshire  
Turbine manufacturer: Senvion  
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  
Creathorne, Cornwall  
Solar modules: Yingli  
Nominal capacity DC: 1,841 kWp

### Solar farms (continued)

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

Brynwhilach, Swansea  
Solar modules: Canadian Solar  
Nominal capacity DC: 4,994 kWp



# Directors and Corporate Resources

## Directors

John Maltby (Non-Executive Chairman)  
Juliet Davenport (Chief Executive)  
Emma Tinker (Non-Executive Director)  
Timothy Jones (Non-Executive Director)  
William Whitehorn (Non-Executive Director)  
Nemone Wynn-Evans (Non-Executive Director)

## Company Secretary and Registered Office

Stephen Rosser  
Monkton Reach  
Monkton Hill, Chippenham  
Wiltshire SN15 1EE

## Company Number

04000623

## Principal place of business

Monkton Reach  
Monkton Hill, Chippenham  
Wiltshire SN15 1EE

## Independent Auditors

EY  
The Paragon, 32 Counterslip  
Bristol BS1 6BX

## Financial Advisors

Investec Bank plc  
30 Gresham Street  
London, EC2V 7QP

## Bankers

Lloyds Bank  
PO Box 112, Canons House,  
Canons Way  
Bristol BS99 7LB

The Co-operative Bank PLC  
PO Box 101, 1 Balloon Street  
Manchester M60 4EP

## Legal Advisors

Norton Rose LLP  
3 More London, Riverside  
London, SE1 2AQ

## Registrars

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZY



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Good Energy Group PLC  
Monkton Reach  
Monkton Hill  
Chippenham  
SN15 1EE

**[group.goodenergy.co.uk](http://group.goodenergy.co.uk)**