Annual Report 2011

31 December 2011

Triodos Renewables

www.triodosrenewables.co.uk
renewables@triodos.co.uk
Tel. 0117 973 9339

Contents

Definitions
MW. Megawatt, the unit for measuring energy output of a project
GW. Gigawatt, unit of electric power equal to one thousand Megawatts
MWh. The amount of electricity consumption (or generation) at a constant rate of 1 Megawatt (MW) per hour
GWh. The amount of electricity consumption (or generation) at a constant rate of 1 Gigawatt (GW) per hour

All figures correct as of 31 December 2011

Photo credits: Thanks to Peter Eyles, Karl West, Monika Paplaczyk and Jessica Bardosh

Officers and professional advisers

DIRECTORS

Charles Secrett (Chairman)
Matthew Clayton (Executive Director)
Ann Berresford
Emma Howard Boyd
Simon Roberts
James Vaccaro
Peter Weston (appointed 22 March 2011)
Triodos Corporate Officer Limited (appointed 12 September 2011)

COMPANY SECRETARIES

Triodos Corporate Officer Limited

REGISTERED OFFICE

Triodos Renewables plc
Triodos Bank
Deanery Road
Bristol
BS1 5AS

BANKERS

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

SOLICITORS

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

AUDITOR

Deloitte LLP
Bristol

Chair's report

Dear Shareholders

Welcome to the 2011 Annual Shareholders' Report, and a good year of solid operating and financial performance, with significant renewable portfolio developments for Triodos Renewables plc.

The first thing to say is that the UK wind resource was back to expected levels in 2011, following the historically low wind experienced during 2010. As a result, our operating performance was in line with our expectations, and we generated 96,788 MWh of renewable energy compared to only 55,469 MWh in 2010 – a like-for-like (i.e. after excluding the effect of new generating capacity coming on stream during the year) increase of 52.2% year-on-year. It has been particularly pleasing to see the strong operating performance from our two most recent wind farm developments at Wern Ddu in North Wales and Kessingland in Suffolk. This has reinforced our confidence in our ability to acquire consented wind sites, and then manage the procurement, construction and operation phases.

In terms of financial performance, our energy productivity translated as a profit before tax of £1.386 million on turnover of £7.919 million, compared to a loss of £1.253 million on turnover of £4.476 million in 2010. As a consequence, the Directors are pleased to recommend payment of a 4p dividend this year.

During the year, we increased our operating capacity from 32.7MW to 38.3MW with the commissioning of the 4.1MW Kessingland wind farm in East Anglia in July, and the 1.5MW Dunfermline wind farm in Scotland in November. Additionally, our relationship with a UK onshore wind developer, Wind Direct, specialising in brown field sites, is starting to deliver a pipeline of consented projects. The 1.5MW Dunfermline project was the first through this source, and was followed by our acquisition of a 5MW project on an industrial site at Eye airfield in Suffolk, in East Anglia, in March 2012. Construction work on Eye is already underway, and we expect the wind farm to be operational in the first quarter of 2013.

We believe that our principal focus on small to medium-sized onshore wind projects (in particular brown field sites which we consider to be sensitively sited) should form the core of our strategy to deliver our tri-partite financial, environmental and community aims as a company. We are continuing to look at opportunities to further spread the geographical diversification of our portfolio in order to reduce risk; and, we continue to look very closely at opportunities to acquire other mature renewable technologies, including solar and anaerobic digestion, which have potential to reduce our current reliance on wind. Overall, and despite the usual array of contrasting media comment, our view is that the UK Government will remain committed to supporting renewables over the coming years, albeit as part of a diversified energy mix. We are also pleased to note that the price margin between our renewable portfolio and 'conventional' generation continues to narrow.

Shortly after the year end, we sold our small shareholding in Marine Current Turbines Limited for £214,255, which represented a gain of £109,711 on the 2011 carrying value in our accounts - although we also note that we have lost money on our original investment of £506,000 made in 2007. We are pleased to have supported MCT in the implementation of SEAGEN during these formative years for the project. This globally pioneering 1.2MW tidal generator has been successfully

£6.4 million

new equity
raised in 2011

delivering power to the grid for three-and-a-half years. The project represented a pivotal step for the development of the tidal sector, but in order for the technology to realise its potential it requires the additional resources that a systems integrator company like Siemens, the new owners, can provide to support MCT towards full commercialisation.

Since 2009, we have concentrated on deploying our capital to mature renewable operating assets and have moved away from investing in technology development companies within our project portfolio. We believe that this strategy enables us to have a more positive environmental and social impact, and improve financial returns for shareholders.

In the summer of 2011, we launched a public share issue with the aim of raising more equity to help fund further projects, as well as to broaden our public profile and shareholder base. Despite the generally difficult economic conditions for raising finance, we were very pleased to raise just under £6.5 million at £1.80 per share; as well as increase our shareholder base from 3,941 to 4,834, and so strengthen our position as the most widely held renewable energy company in the UK. We are very grateful for the continued commitment from our existing shareholders, and are delighted to welcome our new investors.

As part of the share issue, we decided to offer a company buy-back option to shareholders who had been trying to sell their shares on the Matched Bargain Market for over 12 months. We set the buy-back offer at 90% of the share issue price (i.e. £1.62) in order to ensure fair value for existing shareholders. The offer was taken up by holders of 199,751 shares, which cleared the small backlog of sellers. We will continue to look at ways to allow shareholders to buy and sell their shares more easily, and, due to its success this year, we intend to offer a similar buy-back option on all future capital raisings to help ensure liquidity.

Since the year-end, we are continuing to develop new acquisition opportunities. Combined with the March 2012 acquisition of the 5MW Eye airfield project in East Anglia, and a further 2.5MW brown field project over which we have exclusivity, we are making good progress towards reaching our stated target of 100MW of operational capacity by 2015.

I am proud to say that our current rate of growth means that Triodos Renewables is doing its bit to help the UK achieve its EU target of supplying 15% of its energy requirements from renewable sources by 2020. To continue our momentum, we intend launching another share issue this summer, and as always will ensure that existing shareholders are given priority for investment purposes.

Finally, on a personal note, after nine very enjoyable and productive years, I have decided to step down as Chair of Triodos Renewables at this year's AGM. Following our selection and interview process, we will introduce the new Chair at the AGM. During my time as Chair, our project portfolio has grown from 2 projects to 9 projects (including project Eye which is under construction), and generating capacity from 3.4MW to 43.3MW (including project Eye), while our net asset value has grown from £2.8million to £27.1million. I have been very fortunate to work with a strong and supportive Board, and expert and experienced Management team during my tenure, and my considerable thanks go to these colleagues, past and present, for ensuring Triodos Renewables continued success. I intend to continue supporting the company as a non-executive director until my term limit ends, and you can be assured that my energy and passion for renewable power, and helping build an environmentally and socially sound economy in the UK, remains as strong as ever.

Charles Secrett
Chairman

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2011.

Principal activities

We established Triodos Renewables to provide equity finance through direct investment in small to medium-scale renewable energy projects, such as wind farms and hydro-electric schemes. The development of the business and shareholder base provides a mechanism for individuals and institutions to invest directly in renewable energy opportunities.

The number of sites in the group has grown steadily over the last few years and at the end of 2011 comprised eight operating companies, including our latest acquisition, a wind farm on an industrial site in Dunfermline, Scotland:

- Triodos Renewables (Beochlich) Limited – hydro electric
- Triodos Renewables (Haverigg II) Limited – wind farm
- Triodos Renewables (Ness Point) Limited – wind farm
- Triodos Renewables (Caton Moor) Limited – wind farm
- Triodos Renewables (Sigurd) Limited – wind farm
- Triodos Renewables (Wern Ddu) Limited – wind farm
- Triodos Renewables (Kessingland) Limited – wind farm
- Triodos Renewables (Dunfermline) Limited – wind farm

The group also holds a 60% investment in Triodos Mellinsus Projects Limited, which has received planning permission to build two single turbine wind farms in Aberdeenshire, Scotland.

Review of business

The group's trading results for the financial year and the group's and company's position at the year-end are shown in the attached financial statements.

In March 2011, we acquired Dunfermline Wind Direct Limited (name was changed to Triodos Renewables (Dunfermline) Limited) - a company with planning permission to build a 1.5MW wind farm on an industrial site in Dunfermline, Scotland. This is the first project secured through our relationship with Wind Direct, a UK onshore wind development group which specialises in merchant projects - whereby a wind farm is built on a brown field industrial site with a proportion of the green power generated being sold to the corporate owners or users of the site, enabling it to reduce both its carbon footprint and its costs, thus becoming more sustainable. Construction of the single turbine Dunfermline wind farm was completed in November 2011.

17%

the percentage we have increased our generating capacity by in 2011

As planned, in June 2011, we completed the construction of our new 4.1MW wind farm at Kessingland in Suffolk, East Anglia. This two-turbine site is a significant new addition to our portfolio and increases our generation capacity in the East of England which is in line with our medium-term objective to achieve more geographical diversification in our portfolio.

During the summer of 2011 we launched a public share issue and raised just under £6.5 million through the issue of 3,595,527 shares from existing and new shareholders. As part of the share issue, we also committed to buy back 199,751 shares at a 10% discount to the offer price to assist liquidity. Triodos Renewables now has over 4,800 shareholders ranging from members of the public to institutional investors.

The addition of the Kessingland and Dunfermline wind farms has increased our generating capacity by 17% from 32.7MW to 38.3MW. Both of these new wind farms will benefit from the government's Feed in Tariff (FIT) scheme which was introduced in February 2010. Selling electricity under a FIT power purchase agreement (PPA) provides access to a government-backed price for the first 20 years of operation and represents PPA diversity for the group's portfolio.

During the year we also secured formal planning consent for our two Scottish wind projects in Aberdeenshire, through our joint venture company Triodos Mellinsus Projects Limited. Development of these new wind farms will continue in 2012.

Since the year-end, we have acquired a second merchant project through our UK wind developer relationship in the form of a company (now called Triodos Renewables (Eye) Limited) with planning permission for a 5MW wind farm on a disused airfield in East Anglia. Under the terms of the project, the power generated from the two turbine wind farm will be sold to the current industrial tenants on the site. Construction has already commenced on site.

Operational review

In 2011 Triodos Renewables generated 96,788 MWh of renewable power compared to 55,469 MWh, in 2010 – an increase of 74.5% over 2010 as shown in the table opposite.

On a like-for-like basis, i.e. after excluding generation from the additional capacity at Kessingland, Dunfermline and Wern Ddu (for part of the year), the group experienced a 52.2% increase in power generation over what was an exceptionally poor wind year in 2010.

Comparison of 2011 generation against 2010

Site	Operational from	Generation 2011 MWh	Generation 2010 MWh	Generation Change %
Beochlich	1998	**3,908**	2,029	92.6%
Haverigg II	1998	**4,793**	3,302	45.2%
Caton Moor	2005	**47,266**	28,431	66.2%
Ness Point	2005	**5,869**	5,784	1.5%
Sigurd	2001	**3,954**	4,196	(5.8%)
Wern Ddu	Apr 2010	**23,466**	11,727	100.1%
Kessingland	Jul 2011	**7,137**	–	n/a
Dunfermline	Nov 2011	**395**	–	n/a
		96,788	55,469	74.5%

We have been able to deliver good availability from our sites this year, with the revenue weighted availability of our two largest sites in excess of 97% (96% in 2010). These two sites, Caton Moor and Wern Ddu, generate some 62% of the group's revenues. The revenue weighted availability across all sites for the year was 94%.

Health and safety

We continue to strive to work to the wind industry's best practice health and safety standards. We are working with our site managers and operation and maintenance teams to provide a safe working environment at all of our sites. During 2011 we completed an external audit of health and safety framework to ensure that we are employing best practice across the group. We are presently implementing enhancements in line with the audit's recommendations.

Operational projects

The map opposite shows where Triodos Renewables operates renewable assets.

A summary of our operating projects is as follows:

Beochlich

The Beochlich project is located in one of the best areas for small-scale hydro-electric power generation in Scotland. Beochlich Burn runs into the south-east side of Loch Awe in Argyll, West Scotland, before falling some 250 metres to the loch shore, draining water from a high plateau. The 1.0MW hydro project, built in 1998, involved building a six-metre high dam to create a new storage reservoir, which feeds water through two turbines. In 2011, Beochlich produced 3,908MWh, compared to only 2,029MWh in 2010.

Caton Moor

Caton Moor wind farm is in an upland area of the Forest of Bowland in northern Lancashire, just east of Morecambe Bay. It was one of the earliest commercial wind farms in the UK, coming into service in 1994. In 2005, after replacing ten older turbines with eight modern, more efficient ones, Caton Moor achieved a total site capacity of 16MW. We acquired the wind farm as part of the purchase of Hainsford Group Limited in 2006. Electricity output for 2011 was back to a more normalised 47,266MWh compared to a record low of 28,431MWh in 2010.

Haverigg II

Haverigg II in Cumbria is a result of a joint venture between Triodos Renewables and The Wind Company (UK). The site has a total capacity of 2.4MW, and one of the four turbines is owned by Baywind Energy Cooperative. The project was commissioned in 1998. Electricity output in 2011 was 4,793MWh compared to an extremely low 3,302MWh in 2010.

Ness Point

Ness Point is at England's most easterly point in Lowestoft, Suffolk. On the site of a former gas works, its turbine 'Gulliver' is a popular addition to the town's industrial landscape. With a tip height of 126 metres, it has a capacity of 2.75MW. Electricity output was 5,869MWh for 2011 compared to 5,784MWh achieved in 2010. The manufacturer's operational performance has been disappointing and we plan to find an alternative operations and maintenance solution in 2012.

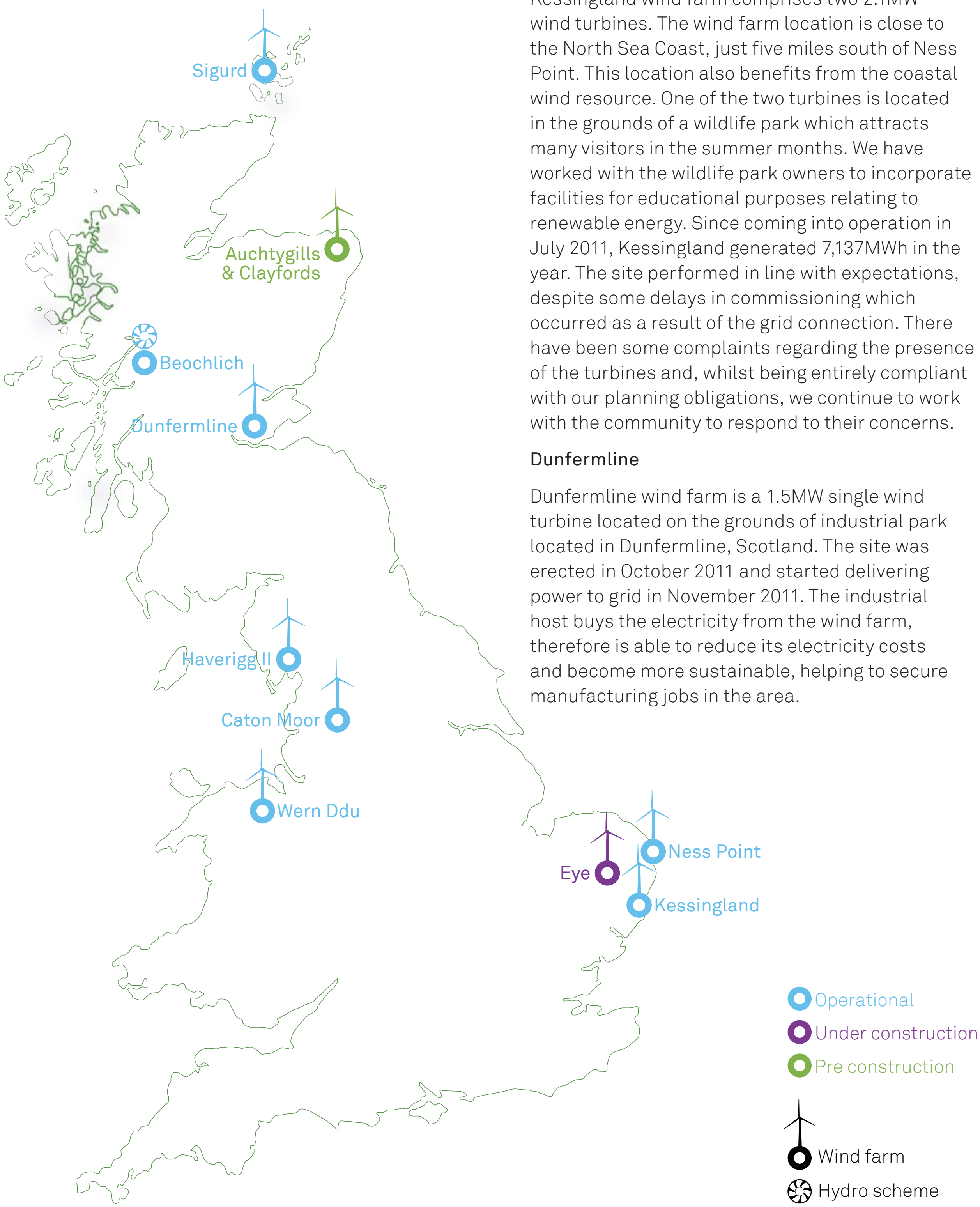
Sigurd

Sigurd is a single wind turbine project on Burgar Hill in the Orkney Islands. Commissioned in 2001, the turbine is on one of the windiest onshore sites in Europe, and has a capacity of 1.3MW. Electricity output for 2011 was 3,954MWh compared to 4,196MWh in 2010. The plant's performance was interrupted following a generator fault. The speed of remedying the fault was hampered by the remote nature of the site.

Wern Ddu

Wern Ddu was acquired by Triodos Renewables in October 2009 and was commissioned in March 2010. The wind farm is the fifth in Triodos Renewables' portfolio and is the first one in Wales. It is located between Gwyddelwern and Ruthin in North Wales at the eastern edge of Strategic Search Area A - one of seven areas identified by the Welsh Assembly Government as being suited to development of this kind. During 2011, Wern Ddu generated 23,466MWh of electricity output in its first full year of operation compared to 11,727MWh in the nine months in 2010 – a like-for-like increase of 58.9%. The performance of the site was on target for the period, with both the turbines and the commercial arrangements performing well.

Map showing Triodos Renewables renewable energy project sites



Kessingland

Kessingland wind farm comprises two 2.1MW wind turbines. The wind farm location is close to the North Sea Coast, just five miles south of Ness Point. This location also benefits from the coastal wind resource. One of the two turbines is located in the grounds of a wildlife park which attracts many visitors in the summer months. We have worked with the wildlife park owners to incorporate facilities for educational purposes relating to renewable energy. Since coming into operation in July 2011, Kessingland generated 7,137MWh in the year. The site performed in line with expectations, despite some delays in commissioning which occurred as a result of the grid connection. There have been some complaints regarding the presence of the turbines and, whilst being entirely compliant with our planning obligations, we continue to work with the community to respond to their concerns.

Dunfermline

Dunfermline wind farm is a 1.5MW single wind turbine located on the grounds of industrial park located in Dunfermline, Scotland. The site was erected in October 2011 and started delivering power to grid in November 2011. The industrial host buys the electricity from the wind farm, therefore is able to reduce its electricity costs and become more sustainable, helping to secure manufacturing jobs in the area.

Investments in sustainable energy and development companies

Marine Current Turbines Limited

During the year, Triodos Renewables retained its small shareholding (<1%) in Marine Current Turbines Limited (MCT), a tidal technology company. Our initial investment in MCT was in 2007 and then in early 2009 we increased our share in MCT to 1.63% to support the successful installation of SeaGen, the world's first commercial-scale tidal energy project, in Northern Ireland's Strangford Lough. SeaGen (1.2MW tidal generator) continues to deliver power to the electricity network in Northern Ireland.

During 2010 and 2011, MCT secured significant funding from a consortium of large financial and corporate investors, including Siemens, with the aim of further developing MCT's technology and reputation as a world leader in tidal technology. Triodos Renewables decided not to participate in these rounds of funding and we have therefore remained a relatively passive small investor in the company, which continued to retain a high profile. Since the year-end, we have accepted an offer from the largest shareholder, Siemens, to sell our shares at a modest book profit of £109,771. The new shareholders have the resources (both technical and financial) to allow MCT to commercialise the technology.

Triodos Mellinsus Projects Limited

Triodos Mellinsus Projects Limited (TMPL) is a subsidiary company, of which we own 60%. Mellinsus Projects Limited is the minority shareholder in the company. In the last few years we have been progressing two onshore wind projects through the planning system. These two projects comprise 1.64MW total capacity and are both located in Aberdeenshire in Scotland. During 2011, we finally received formal planning consent for both of these projects and are aiming to commence the construction in 2012.

Connective Energy

Our investment in Connective Energy Limited has been written down to zero and the company is now dormant.

Financial Review

The group achieved a pre-tax profit of £1,385,864 for the year ended 31 December 2011 compared to pre-tax loss of £1,253,009 last year. This improved result was due to a 74.5% increase (52.2% like-for-like increase after excluding additional generating capacity) in wind resource across the portfolio. Weighted average power prices across the portfolio were 7.7% up on 2010 due to higher wholesale electricity prices at Caton Moor and Wern Ddu and inflation-linked Government-backed power price agreements on the older sites.

4,800

the number of Triodos Renewables shareholders.

Turnover summary by operating site

Project	Date acquired	Year 2011 £'000	Year 2010 £'000	Year 2009 £'000	Year 2008 £'000	Year 2007 £'000
Beochlich	1998	**243**	207	248	252	262
Haverigg II	1998	**280**	208	317	353	324
Ness Point	June 2005	**485**	574	590	677	588
Caton Moor	September 2006	**3,790**	2,305	4,117	4,154	3,218
Sigurd	September 2006	**185**	172	198	168	122
Wern Ddu	October 2009	**2,129**	1,010	-	-	-
Kessingland	May 2010	**746**	-	-	-	-
Dunfermline	March 2011	**61**	-	-	-	-
		7,919	4,476	5,470	5,604	4,514

The trading results for the financial year and the group's position at the year-end are shown in the attached financial statements; however, a summary of turnover by operating site is above.

Cost of sales includes land rental, operational maintenance and depreciation costs, all of which are largely fixed costs. As a result, the increased turnover figure for 2011 resulted in a significantly higher gross profit of £4,393,488 at a gross profit margin of 55.5% compared to £1,416,825 at 31.6% in 2010. Administration costs reduced from £1,086,271 to £873,375 principally as a result of exchange gains in the year of £102,022 compared to exchange losses of £71,811 in 2010. Interest payable increased from £1,616,432 in 2010 to £2,139,105 in 2011 as a result of new bank loans taken out to finance the construction of Kessingland and Dunfermline and a full year of loan interest in respect of Wern Ddu.

Following the poor financial performance in 2010, the directors did not recommend the payment of a dividend to shareholders during the year. However, following a return to normalised wind resource in 2011, the directors recommend a dividend of 4p per share for payment in 2012.

At 31 December 2011, the group held £9,687,566 of cash - compared to £8,810,318 last year. The group's net debt at 31 December 2011 was £20,053,969, an increase of £2,059,206 over the previous year. Additional debt financing raised to fund new renewable assets was partially offset by the repayment of £3,000,000 of 9% fixed term loans which reached maturity during the year. The ratio of net debt to fixed assets at 31 December 2011 was 43.2% compared to 44.4% in 2010 and, as a result of repayment of the 9% loans referred to above, the group's total cost of borrowing is expected to be lower next year on a like for like basis.

Following a satisfactory financial and operating performance in 2011 and another successful share issue during the year, the directors consider that the company remains in a strong financial position to progress in the future.

Going concern

Triodos Renewables operates within the electricity industry, which is subject to both high-level regulation and long-term Government support. The group owns operational capital assets and has the benefit of long-term contracted revenues with reputable electricity companies. The directors consider that these factors provide confidence over future forecast income streams. In addition, the directors consider that the company and the group have sufficient cash funds and finance facilities available for their future investment and cash flow needs going forward.

After due consideration, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Financial risk management objectives and policies

The directors consider the principal risks and uncertainties affecting the business activities of the company and the group to be those detailed below:

Price risk

Triodos Renewables is reliant on market wholesale electricity prices at its largest two sites, Caton Moor and Wern Ddu. To mitigate this risk, we negotiate long-term power price agreements (PPAs) with 'floor' prices to protect our downside risk.

Interest rate risk

Triodos Renewables utilises a mixture of debt and equity to finance growth in the portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations. The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long-term loans are subject to fixed interest rates which eliminate exposure to interest rate increases.

Credit risk

In the event of default by a customer, significant financial loss could arise. However, Triodos Renewables will normally only consider entering into power purchase agreements for the sale of its electricity with reputable utility companies or Government-backed contracts. With merchant projects such as Dunfermline and Eye, an industrial host is the primary recipient of production, and therefore the counterparty to the PPA. However, there are also power purchase arrangements in place with reputable utilities to receive any excess power, and the entire volume in the case of default of the host.

Foreign exchange risk

Triodos Renewables imports capital equipment for the construction of renewable energy projects direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures at the time of entering into any such contract or commitment.

Operating risk

The generation of electricity involves mechanical and electronic processes which may fail under certain conditions, leading to loss of revenues and repair or replacement costs. Triodos Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level of assurance for between five and 15 years and there will normally be a fixed price or index to production for the provision of operations and maintenance. We also buy specialist insurance to seek to mitigate against any losses.

Government policy

The renewable energy industry receives government incentives to encourage the generation of renewable energy. While there is a possibility of a change in the political party forming the UK Government, all main political parties have made strong commitments to meeting high renewable energy targets, although there is always a risk of changes in policy relating to specific renewable incentives. To date, whilst there have been several changes in support mechanisms, the schemes for which existing project have qualified have not been modified, allowing each project to benefit from the original support for a predetermined term.

Payment policy

It is group policy to comply with the terms of payment agreed with each supplier rather than to follow a particular code or standard. Where terms are not negotiated, we endeavour to adhere to the suppliers' standard terms. Trade creditors relate mainly to fixed assets purchased in the year, so no meaningful 'creditor's days' calculation is possible.

Directors

The current directors of the company with dates of appointment where appropriate, are as shown on page 2. John Harrison resigned as a director on 9 December 2011.

The directors and their interests in the ordinary shares of the company at the beginning of the financial year and the end of the financial year were:

	50p Ordinary shares fully paid	
Director	2011	2010
Charles Secrett	1,200	700
Matthew Clayton	300	-
Ann Berresford	-	-
John Harrison (resigned 9 December 2011)	8,000	6,000
Emma Howard Boyd	6,900	6,900
Simon Roberts	-	-
James Vaccaro	300	-
Peter Weston (appointed 22 March 2011)	-	-
Triodos Investments Limited (resigned 12 September 2011)	400	400
Triodos Corporate Officer Limited (appointed 12 September 2011)	-	-

Auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on behalf of Triodos Corporate Officer Limited.

Secretary

Board of Directors, Management and Administration

During the year, there were four changes to the Board. Following 15 years as a Non-Executive Director, John Harrison decided to retire and the Board would like to thank him for his invaluable support since the early development of the group. Earlier in the year, we were very pleased to appoint Peter Weston to the Board, bringing considerable project finance and renewables expertise. In addition, the Board agreed that, following two years as Operations Director driving the growth of the group, Matthew Clayton should take up the role of Executive Director. James Vaccaro continues to serve the company as a Non-Executive Director.

Board of Directors

Charles Secrett – Chairman

Charles Secrett is a co-founder of The Robertsbridge Group, a Senior Associate at the University of Cambridge Programme for Sustainability Leadership and a founder member of the Green New Deal Group. He has been Chair of the Board of Triodos Renewables, Triodos Bank's UK renewable energy investment fund, since 2003. He is a member of Shell's global External Review Committee, an advisor to Base and Base cities, and a member of BP's Advisory Panel for its TargetNeutral programme. Between 2004 and 2008, he was a Special Advisor on Climate, Environment and Sustainability for The Mayor of London, a Board Member of the London Development Agency and Chair of its Health and Sustainability Advisory Group. He was a member of the UK Government's Round Table (then Commission) for Sustainable Development for ten years. As Executive Director of Friends of the Earth (1993-2003), Charles led its transformation into becoming, for many years, the UK's most effective campaign organisation. He has held salaried posts

and volunteer advisory positions with a range of environment and sustainability NGOs. He has previously worked on a variety of environmental research and investigation projects in Brazil, Costa Rica, Malaysia, Nicaragua and Nigeria. He attended the University of North Carolina on a Morehead Scholarship between 1972-1977.

Matthew Clayton – Executive Director

Matthew has worked for Triodos Bank since early 2006, undertaking the role of Operations Director, focusing on acquisition, developments and operational management for Triodos Renewables. In December 2011, Matthew was appointed Executive Director. He has contributed to the acquisition and integration of 37MW of wind projects and the operation of the portfolio. Prior to Triodos Bank, Matthew was part of a small team which established Camco International, one of the world's leading carbon trading companies, focusing on supporting sustainable energy projects via the Kyoto framework. Before this, Matthew worked in Risk Management for TXU's Energy Trading team.

Ann Berresford – Non-Executive Director

Ann has over 25 years experience in financial management across the financial services and energy sectors. Until 2006, she was Finance Director for the Bank of Ireland's UK Financial Services Division and for Bristol and West plc. Prior to that, Ann held a range of senior roles in Clyde Petroleum plc, an independent British oil and gas exploration and production company, including Group Treasurer and Finance Director for the Dutch operations, based in The Hague. Ann is now a non-executive director at the Pension Protection Fund, where she chairs the Audit Committee, and is a non-executive director at the Bath Building Society.

She is also an independent trustee to the local government Avon Pension Fund, administered by Bath and North East Somerset Council. Ann read Chemistry at Liverpool University and is a qualified Chartered Accountant.

Emma Howard Boyd – Non-Executive Director

Emma is Sustainable Investment and Governance Director at Jupiter Asset Management. Emma joined Jupiter in 1994 and has overall responsibility for the management and development of Jupiter's Sustainable Investment business. She is also responsible for building Jupiter's corporate governance and engagement services for institutional clients and Jupiter's UK retail funds. Emma is an independent non-executive member of the Environment Agency Board. She is also a Senior Associate of the University of Cambridge's Programme for Sustainability Leadership. During 2007, Emma was a member of the Commission on Environmental Markets and Economic Performance set up by the UK Government to make detailed proposals specifically on enhancing the UK environmental industries, technologies and markets. Emma was Chair of UKSIF, the sustainable investment and finance association until March 2006, when she retired from the board after eight years' service.

Simon Roberts OBE – Non-Executive Director

Simon has spent more than 25 years helping people, organisations and policy-makers to change the way they think and act on energy. Since 2002, he has been Chief Executive of the Centre for Sustainable Energy, one of the UK's leading energy charities. Prior to this, he was a senior manager at Triodos Bank (1998-2002) and Managing Director of Triodos Renewables (formerly The Wind Fund plc).

Simon's advisory roles include Ofgem's Consumer Challenge Group, which explores with the energy regulator issues associated with developing energy networks fit for a low carbon future. He was a leading member of the Government's Renewables Advisory Board (2002-2010) where he led its work on community engagement. Simon represents the Centre for Sustainable Energy on the board of Energy Advice South West Ltd, a charity-owned joint venture delivering energy advice services across the region. He is a Fellow of the Energy Institute and of the RSA and an Honorary Fellow of the Society for the Environment. Simon was awarded an OBE for services to the renewables industry in the 2011 Queen's Birthday Honours.

James Vaccaro - Non-Executive Director

James is the Director of Triodos Investment Management (UK) at Triodos Bank. James has worked for Triodos Bank since 1998 and has lead several project finance deals and equity investments into renewable energy projects. He has an extensive network of contacts in the independent renewable generation industry and direct experience of delivering successful renewable energy projects. He has served on the boards of several environmental companies.

Peter Weston – Non-Executive Director

Peter has more than 16 years experience working in the energy markets as an investor, lender and strategic consultant. He is currently Global Head of Project Finance for Siemens Wind, one of the leading manufacturers of wind turbines in the world. Prior to this, he led the energy lending division of GE Capital in Europe (2007-2010) and was an executive director for Westdeutsche Landesbank's energy group (2001-2007). He was business development manager at US energy trader Aquila (1999-2001) and established the European energy consulting business for a subsidiary of Osaka Gas (1995-1999). Previously he was a journalist for Euromoney and the Financial Times.

Triodos Corporate Officer Limited – Non-Executive Director

Triodos Corporate Officer Limited (a wholly owned subsidiary of Triodos Ventures BV, a company controlled by Triodos Bank) nominates a representative to the Board, currently Charles Middleton, the Managing Director of Triodos Bank in the UK.

Executive Management Team

The day-to-day management of Triodos Renewables is carried out by Triodos Bank in accordance with a formal management agreement. The Executive Management team comprises:

Matthew Clayton – Executive Director

See in the Board of Directors section.

Dan Hird – Finance Director

Dan is Head of Corporate Finance within the Triodos UK Investment Banking team as well as taking up the role of Finance Director of Triodos Renewables. He joined Triodos Bank in November 2008 and has completed a number of deals for Triodos clients on corporate finance and investment banking projects. Dan is a Chartered Accountant, trained with KPMG in Bristol and spent six years within KPMG Corporate Finance as a lead adviser on a range of mergers and acquisitions, management buyouts and fundraising deals prior to establishing his own corporate finance business, which he ran for seven years out of offices in Bristol and Bath completing numerous private company transactions. Prior to joining Triodos Bank, Dan spent five years as a Finance Director of a £50m national retail business where he was instrumental in arranging a sale to a trade purchaser, and a privately owned manufacturing business where he led two growth capital finance raising projects to enable expansion and relocation.

Monika Paplaczyk - Investment Manager

Monika joined Triodos Renewables in 2007. In her role as Investment Manager, Monika focuses on originating investment opportunities within the sustainable energy market for Triodos Renewables, performing the investment valuations and negotiations and due diligence of new investments. Monika is also responsible for managing a portfolio of companies and projects within Triodos Renewables including power purchase, land rental and insurance aspects. Before joining Triodos Monika worked in Edinburgh for consulting company where she was mainly involved in preparing business plans and grant applications for community development projects, biomass and grain storage.

John Bromley – Senior Investment Manager

John joined Triodos in 2011 as a Senior Investment Manager to focus on equity investment in a range of renewable energy projects for both Triodos Renewables plc and the Ampere Equity Fund. John has specialised in social and environmental infrastructure projects in the UK and overseas for 10 years and previously held management roles at two water utility companies, Ernst & Young and John Laing. John's experience includes equity participation in a number of landmark transactions in the UK water and municipal waste management sectors. In 2008 John and his partner established a successful yoga and complementary therapy business in Marlborough, UK.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Independent auditor's report to the members of Triodos Renewables plc

We have audited the financial statements of Triodos Renewables plc for the year ended 31 December 2011 which comprise Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Nigel Thomas
Senior Statutory Auditor

for and on behalf of Deloitte LLP Chartered Accountants and Statutory Auditor

Bristol, United Kingdom

Consolidated profit and loss account as at 31 December 2011

	Note	2011 £	2010 £
Turnover	2	**7,918,694**	**4,476,559**
Cost of sales		(3,525,206)	(3,059,734)
Gross profit		**4,393,488**	**1,416,825**
Administrative expenses		(873,375)	(1,086,271)
Operating profit	3	**3,520,113**	**330,554**
Interest receivable and similar income		4,856	32,869
Interest payable and similar charges	5	(2,139,105)	(1,616,432)
Profit/(loss) on ordinary activities before taxation		**1,385,864**	**(1,253,009)**
Tax on profit/(loss) on ordinary activities	6	(627,872)	33,691
Profit/(loss) on ordinary activities after taxation		**757,992**	**(1,219,318)**
Minority interests		9,220	1,154
Profit/(loss) for the year	18	**767,212**	**(1,218,164)**

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the profit/(loss) for the current and the prior financial year. Accordingly no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	9	30,925,112	24,715,101
Intangible assets	10	15,763,525	15,925,717
Investments	11	104,544	104,544
		46,793,181	**40,745,362**
Current assets			
Debtors	12	5,645,235	2,281,013
Investments	11	70,000	70,000
Cash at bank and in hand		9,687,566	8,810,318
		15,402,801	**11,161,331**
Creditors: amounts falling due within one year	13	(6,843,267)	(7,992,761)
Net current assets		**8,559,534**	**3,168,570**
Total assets less current liabilities		55,352,715	43,913,932
Creditors: amounts falling due after more than one year	14	(26,532,002)	(22,101,537)
Provisions for liabilities	16	(1,690,611)	(1,062,739)
Net assets		**27,130,102**	**20,749,656**
Capital and reserves			
Called up share capital	17	9,087,945	7,390,057
Share premium account	18	17,909,580	13,985,014
Profit and loss account	18	155,443	(611,769)
Minority interests		(22,866)	(13,646)
Shareholders' funds	19	**27,130,102**	**20,749,656**

The financial statements of Triodos Renewables plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Company balance sheet
as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	11	9,337,639	8,569,933
Current assets			
Debtors	12	19,257,103	20,917,517
Investments	11	70,000	70,000
Cash at bank and in hand		6,261,359	2,143,431
		25,588,462	**23,130,948**
Creditors: amounts falling due within one year	13	(8,002,213)	(8,470,863)
Net current assets		**17,586,249**	**14,660,085**
Total assets less current liabilities		26,923,888	23,230,018
Creditors: amounts falling due after more than one year	14	(650,000)	(1,900,567)
Net assets		**26,273,888**	**21,329,451**
Capital and reserves			
Called up share capital	17	9,087,945	7,390,057
Share premium account	18	17,909,580	13,985,014
Profit and loss account	18	(723,637)	(45,620)
Shareholders' funds	19	**26,273,888**	**21,329,451**

The financial statements of Triodos Renewables plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Consolidated cash flow statement as at 31 December 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	20	3,084,218	1,139,871
Returns on investments and servicing of finance			
Interest received		4,856	32,869
Interest paid		(2,139,105)	(1,616,432)
Net cash outflow from returns on investments and servicing of finance		**(2,134,249)**	**(1,583,563)**
Taxation			
Corporation tax paid		-	(116,458)
Capital expenditure and financial investment			
Payments to acquire tangible and intangible fixed assets		(7,863,899)	(7,208,866)
Acquisitions and disposals			
Payments to acquire subsidiary undertakings		(767,696)	-
Net cash outflow before use of liquid resources and financing		**(7,681,626)**	**(7,769,016)**
Financing			
New share capital		6,471,949	4,349,660
Share capital bought back		(323,597)	-
Share issue costs		(525,898)	(132,286)
Bank loans		7,710,000	8,225,000
Equity dividends paid		(34)	(443,473)
Repayment of borrowings		(4,773,546)	(3,278,681)
Net cash inflow from financing		**8,558,874**	**8,720,220**
Net movement in cash and cash equivalents	21, 22	**877,248**	**951,204**

Notes to the consolidated financial statements

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The Annual Report and financial statements adopt the going concern basis on the grounds that the directors believe the group and company have adequate resources to continue in operational existence for the foreseeable future. Further details are included in the Directors' Report.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 December 2011. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. The directors have also taken advantage of the exemption granted by the Companies Act to omit the company profit and loss account from these financial statements.

Current asset investments

Current asset investments represent cash held on deposit or short-term loans.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Land and buildings: 4% per annum

Plant and machinery: 5% per annum

Assets under course of construction are not depreciated.

Intangible fixed assets and goodwill

Amortisation is provided on cost in equal annual instalments over the estimated lives of the assets and goodwill. The rates of amortisation are as follows:

Power purchase agreements and goodwill: 5% per annum.

Intangible assets - development costs

Development expenditure representing prospective renewable energy projects is written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. Provision is made for any impairment.

Turnover

Turnover, which is stated net of value added tax, comprises charges to and accrued income from customers in relation to the group's principal activities in the UK. Turnover from the supply of energy is recognised upon delivery. Turnover derived from Government administered incentive schemes for renewable energy generation is estimated and accrued based on the terms of the schemes.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rentals in respect of operating leases are charged to the profit and loss in equal annual amounts over the lease term.

Pension costs

The company operates a defined contribution pension scheme for all qualified employees, the assets of which are held in individually administered funds. Pension costs are charged to the profit and loss account as incurred.

2. Segmental analysis

The directors consider that there is only one class of business and hence segmental information by class is not provided. The total turnover of the group for the financial year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2011 £	2010 £
Operating profit is after charging/(crediting):		
Auditors' remuneration:		
- audit services	33,000	29,500
- tax and other services	40,063	16,000
Depreciation	1,633,419	1,368,998
Amortisation	950,357	890,058
Foreign exchange (gains)/losses	(102,022)	71,811
Operating leases:		
- plant and machinery	6,217	6,217
- other	246,770	146,543

A fee of £25,000 was paid to the Group's auditors for services relating to the share issue during the year. These costs have been included as share issue costs and hence have not been included in arriving at operating profit.

4. Information regarding directors and employees

	2011 £	2010 £
Group and company		
The remuneration of directors was as follows:		
Directors' emoluments	34,323	30,000

Executive directors were remunerated by Triodos Bank under the 'Provision of Fund Management Services Agreement' (see note 25). No pension contributions were paid on behalf of the directors.

	2011 £	2010 £
Co-worker costs were as follows:		
Wages and salaries	40,804	38,587
Social security costs	4,629	4,244
Other pension costs	4,012	3,795
	49,445	**46,626**

During 2011 the average number of co-workers employed was one (2010 - one). Under the terms of the 'Provision of Fund Management Services Agreement', Triodos Bank is responsible for the fund management and the administrative running of the company.

5. Interest payable and similar charges

	2011 £	2010 £
Bank loans	1,777,975	1,256,432
Other loans	361,130	360,000
	2,139,105	**1,616,432**

6. Tax on profit/(loss) on ordinary activities

	2011 £	2010 £
(a) Analysis of charge/(credit) in year		
United Kingdom corporation tax:		
Current tax on income for the year at 26.5% (2010 – 28%)	-	-
Adjustment in respect of previous years	-	36,824
	-	**36,824**
Deferred taxation:		
Origination and reversal of timing differences	653,856	(20,258)
Adjustments in respect of previous years	101,544	(34,314)
Effect of increased tax rate on opening liability	(145,030)	(56,281)
Movement in discount	17,512	40,337
Total tax charge/(credit)	**627,872**	**(33,691)**
(b) Factors affecting tax charge/(credit) for the year		
Profit/(loss) on ordinary activities before tax	1,385,864	(1,253,009)
Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	367,254	(350,843)
Effects of:		
Expenses not deductible for tax purposes	287,503	332,996
Difference between capital allowances and depreciation	(625,393)	44,494
Utilisation of tax losses	(29,364)	(26,647)
Adjustments to tax charge in respect of previous periods	-	36,824
	-	**36,824**

The forthcoming change in the corporation tax rate to 24% in future years will not materially affect the future tax charge.

7. Dividends

	2011 £	2010 £
Final dividend paid £nil (2010 - 3.0p) per ordinary share	–	443,403

8. Profit of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounts to £678,017 (2010 - loss of £423,516).

9. Tangible fixed assets

Group		Land and buildings £	Plant and machinery £
Cost			
At 1 January 2011	325,000	30,442,518	30,767,518
Additions	-	7,843,430	7,843,430
At 31 December 2011	325,000	38,285,948	38,610,948
Accumulated depreciation			
At 1 January 2011	164,992	5,887,425	6,052,417
Charge for the year	15,500	1,617,919	1,633,419
At 31 December 2011	180,492	7,505,344	7,685,836
Net book value			
At 31 December 2011	**144,508**	**30,780,604**	**30,925,112**
At 31 December 2010	160,008	24,555,093	24,715,101

10. Intangible fixed assets

Group	Goodwill £	Development costs £	Power purchase agreement £	Total £
Cost				
At 1 January 2011	18,619,575	373,253	279,975	19,272,803
Additions	767,696	20,469	-	788,165
At 31 December 2011	19,387,271	393,722	279,975	20,060,968
Accumulated depreciation				
At 1 January 2011	3,256,228	-	90,858	3,347,086
Charge for the year	936,358	-	13,999	950,357
At 31 December 2011	4,192,586	-	104,857	4,297,443
Net book value				
At 31 December 2011	**15,194,685**	**393,722**	**175,118**	**15,763,525**
At 31 December 2010	15,363,347	373,253	189,117	15,925,717

On 4 March 2011, the company acquired 100% of the issued share capital of Dunfermline Wind Direct Limited for cash consideration of £456,000. The fair value of the net assets acquired was £10, giving rise to goodwill of £455,990. There have been no subsequent fair value adjustments. In the period ended 31 December 2011 the acquired company reported a profit before tax of £60,796, all of which arose in the period from 4 March 2011 to 31 December 2011. The remaining additions to goodwill have arisen from costs incurred in relation to the previous acquisitions of Triodos Renewables (Kessingland) Limited and Triodos Renewables (Wern Ddu) Limited.

11. Fixed asset investments

Group - other investments at cost	£
Balance at 1 January and 31 December 2010	104,544
Company - investments in subsidiary undertakings at cost	**£**
Balance brought forward	8,569,933
Additions	767,706
Balance at 31 December 2011	**9,337,639**

Details of the principal subsidiaries and other investments are as follows:

Name of company	Class	% owned	Country of incorporation	Principal activity
Triodos Renewables (Beochlich) Limited	Ordinary	100	England	Energy supply
Triodos Renewables (Haverigg II) Limited	Ordinary	100	England	Energy supply
Brunel Wind Limited	Ordinary	100	England	Energy supply
Triodos Renewables (HGL) Limited	Ordinary	100	England	Dormant
Triodos Renewables (Wern Ddu) Limited	Ordinary	100	England	Energy supply
Triodos Renewables (Kessingland) Limited	Ordinary	100	England	Energy supply
Triodos Mellinsus Projects Limited	Ordinary	60	England	Energy supply
Marine Current Turbines Limited	Ordinary	<1%	England	Energy supply

The company owns 60% of the issued ordinary shares of Connective Energy Limited, a company incorporated in England. Connective Energy Limited is now a dormant company. Connective Energy Limited is not controlled by the group and for this reason its results - 31 March 2011 loss of £7,044 (31 March 2010 - loss of £30,516) and net liabilities - 31 March 2011 of £66,623 (31 March 2010 - £59,579) have not been consolidated within these accounts.

On 4 March 2011, the company acquired 100% of the issued share capital of Dunfermline Wind Direct Limited, a company incorporated in England. On 4 March 2011 the company's name was changed to Triodos Renewables (Dunfermline) Limited. The principal activity of Triodos Renewables (Dunfermline) Limited is energy supply.

	£
Current asset investments – Group and Company	
Loan to Mellinsus Projects Limited at 31 December 2011 and 1 January 2011	70,000

Mellinsus Projects Limited is the minority shareholder of Triodos Mellinsus Projects Limited, a subsidiary undertaking of the group.

12. Debtors

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	1,622,387	244,412	-	-
Amounts owed by group undertakings	-	-	18,090,283	20,429,430
Corporation tax	416	416	440	440
Other debtors	86,062	100	111,909	16,243
Prepayments and accrued income	3,936,370	2,036,085	1,054,471	471,404
	5,645,235	**2,281,013**	**19,257,103**	**20,917,517**

13. Creditors: amounts falling due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loans (see note 15)	3,279,533	4,773,544	1,250,566	3,234,255
Trade creditors	933,891	1,067,840	100,000	33,659
Other creditors	576,629	577,498	576,629	579,669
Corporation tax	-	-	-	-
Taxation and social security	261,574	172,939	542,959	-
Accruals and deferred income	1,784,637	1,393,903	776,631	608,250
Amounts owed to group undertakings	-	-	4,748,425	4,007,993
Dividends payable	7,003	7,037	7,003	7,037
	6,843,267	**7,992,761**	**8,002,213**	**8,470,863**

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loans (see note 15)	26,532,002	21,101,537	650,000	900,567
Other loans	-	1,000,000	-	1,000,000
	26,532,002	**22,101,537**	**650,000**	**1,900,567**

15. Borrowings

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loans and overdrafts				
Amounts payable				
- due within one year	2,279,533	1,773,544	250,566	234,255
- due after more than one year	26,532,002	21,101,537	650,000	900,567
	28,811,535	**22,875,081**	**900,566**	**1,134,822**
Other loans				
Amounts payable				
- due within one year	1,000,000	3,000,000	1,000,000	3,000,000
- due after more than one year	-	1,000,000	-	1,000,000
	1,000,000	**4,000,000**	**1,000,000**	**4,000,000**
Analysis of loan repayments				
Bank loans and overdrafts				
- within one year	2,279,533	1,773,544	250,566	234,255
- within one to two years	2,229,176	1,878,313	90,953	250,567
- within two to five years	7,014,647	5,718,018	312,649	292,297
- after five years	17,288,179	13,505,206	246,398	357,703
	28,811,535	**22,875,081**	**900,566**	**1,134,822**
Analysis of loan repayments				
Other loans				
- within one year	1,000,000	3,000,000	1,000,000	3,000,000
- within one to two years	-	1,000,000	-	1,000,000
	1,000,000	**4,000,000**	**1,000,000**	**4,000,000**

At 31 December 2011, bank loans comprise £28,811,535, of which £13,560,587 bears interest at a fixed rate of 6.75%, £765,000 bears interest at a fixed rate of 5.57%, £5,250,000 bears interest at a fixed rate of 5.47%, £2,600,000 bears interest at a fixed rate of 5.03% and £2,440,000 bears interest at a fixed rate of 4.93%. The remaining £4,195,948 bears interest on variable rates. All bank loans are held with Triodos Bank and are secured by first fixed and floating charges on the fixed assets of the subsidiary companies.

Other loans comprise £1,000,000, bear interest at a fixed rate of 9% and are secured by second fixed and floating charges on the fixed assets of the subsidiary companies. £1,000,000 of such loans are repayable on 31 May 2012. The aggregate amount of secured liabilities as at 31 December 2011 was £29,811,535 (2010 - £26,875,081).

16. Provisions for liabilities

	Balance at 1 January 2011 £	Charge to profit and loss account £	Balance at 31 December 2011 £
Group			
Deferred taxation	1,062,739	627,872	1,690,611

The amounts of deferred tax provided in the accounts are as follows:

	2011 £	2010 £
Accelerated capital allowances	2,115,221	1,705,852
Tax losses carried forward	(138,332)	(177,067)
Discount	(286,278)	(466,046)
	1,690,611	**1,062,739**

17. Called up share capital

	2011 £	2010 £
Authorised share capital:		
Ordinary shares of £0.50 each	50,000,000	50,000,000
'A' ordinary shares of £2 each	1	1

	2011 No.	2011 £	2010 No.	2010 £
Allotted, called up and fully paid:				
Ordinary shares of £0.50 each	18,175,886	9,087,943	14,780,110	7,390,055
'A' ordinary shares of £2 each	1	2	1	2
	18,175,887	**9,087,945**	**14,780,111**	**7,390,057**

During the year, the company undertook a share issue in which it raised £6,471,948 (before costs) through the issue of 3,595,527 Ordinary shares of 50p each at a premium of £1.30 per share. As part of the share issue terms, the company bought back 199,751 shares of 50p each at a premium of £1.12 per share.

Rights attached to shares

The 'A' ordinary share has the right to prevent the passing of any special resolution, any extraordinary resolution, any resolution where special notice is required, or any resolution required to be forwarded to the Registrar of Companies in accordance with the Companies Act, being given such number of votes as necessary to stop such a resolution; to appoint or remove a director by being given such number of votes as necessary to pass such a resolution; and in all other cases, such numbers of votes as represent 10% of the entire voting rights of the company.

18. Statement of movements on reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2011	13,985,014	(611,769)
Profit for the financial year	-	767,212
Shares issued (net of issue costs)	3,924,566	-
At 31 December 2011	**17,909,580**	**155,443**
Company		
At 1 January 2011	13,985,014	(45,620)
Loss for the financial year	-	(678,017)
Shares issued (net of issue costs)	3,924,566	-
At 31 December 2011	**17,909,580**	**(723,637)**

19. Reconciliation of movements in shareholders’ funds

	2011 £	2010 £
Group		
Profit/(loss) for the financial year	767,212	(1,218,164)
Dividends paid	-	(443,403)
Minority interests	(9,220)	(1,154)
New share capital subscribed (net of issue costs)	5,622,454	4,217,374
Net increase in shareholders’ funds	6,380,446	2,554,653
Opening shareholders’ funds	20,749,656	18,195,003
Closing shareholders’ funds	**27,130,102**	**20,749,656**
Company		
Loss for the financial year	(678,017)	(423,516)
Dividends paid	-	(443,403)
New share capital subscribed (net of issue costs)	5,622,454	4,217,374
Net increase in shareholders’ funds	4,944,437	3,350,455
Opening shareholders’ funds	21,329,451	17,978,996
Closing shareholders’ funds	**26,273,888**	**21,329,451**

20. Reconciliation of operating profit to net cash

	2011 £	2010 £
Inflow from operating activities		
Operating profit	3,520,113	330,554
(Increase)/decrease in debtors	(3,364,222)	688,777
Increase/(decrease) in creditors	344,551	(2,138,516)
Depreciation and amortisation	2,583,776	2,259,056
Net cash inflow from operating activities	**3,084,218**	**1,139,871**

21. Analysis of net debt

	At 1 January 2011 £	Cash flow £	Other non-cash changes £	At 31 December 2011 £
Cash at bank and in hand	8,810,318	877,248	-	9,687,566
Bank loans and other loans falling due within one year	(4,773,544)	4,773,546	(3,279,535)	(3,279,533)
Bank loans and other loans falling due after more than one year	(22,101,537)	(7,710,000)	3,279,535	(26,532,002)
Current asset investment	70,000	-	-	70,000
Net debt	**(17,994,763)**	**(2,059,206)**	**-**	**(20,053,969)**

22. Reconciliation of net cash flow to movement in net debt

	At 31 December 2011 £	At 31 December 2010 £
Increase in cash at bank in the year	877,248	951,204
Increase in debt	(2,936,454)	(4,946,319)
Change in net debt resulting from cash flows	(2,059,206)	(3,995,115)
Net debt at 1 January	(17,994,763)	(13,999,648)
Net debt at 31 December	**(20,053,969)**	**(17,994,763)**

23. Capital commitments

	2011 £	2010 £
At 31 December, the group was committed to the following capital expenditure	-	5,605,000

24. Operating lease commitments

At 31 December, the group was committed to making the following payments during the next year in respect of operating leases:

	Plant and machinery		Land and building	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
- between one and two years	-	6,217	-	-
- between two and five years	-	-	-	-
- after more than five years	-	-	181,650	179,946
	-	**6,217**	**181,650**	**179,946**

25. Related party transactions

Under the terms of the 'Agreement for the Provision of Management Services' Triodos Bank is responsible for the management and the administrative running of the company. During the year, Triodos Bank received fees of £555,000 for this service (2010 - £410,530). This amount is included in creditors at the year-end.

The group's borrowings with Triodos Bank are disclosed in note 15.

The company has a loan of £70,000 due from Triodos Mellinsus Projects Limited, in which the company owns 60% of the issued ordinary shares.

26. Post balance sheet events

On 8 March 2012, the company acquired 100% of the issued share capital of Eye Wind Direct Limited, a company incorporated in England, for an initial consideration of £1.074 million. The company, whose name was changed to Triodos Renewables (Eye) Limited on 8 March 2012 has planning permission to construct a 5MW wind farm on an industrial site in Suffolk, England.

In February 2012, the company sold its 104,544 shares in Marine Current Turbines Limited to Siemens AG, the controlling shareholder in that company, for a consideration of £214,315. The carrying value of the investment in the company's accounts at 31 December 2011 was £104,544.

27. Contingent liabilities

By an agreement dated 24 July 2006, the company agreed to acquire the entire issued share capital of Hainsford Group Limited (now Triodos Renewables (HGL) Limited). Under the terms of this agreement, additional deferred consideration may become due and payable based on operating performance and prevailing market electricity pricing. Any additional consideration payable is calculated in accordance with the agreement. For the period when the additional consideration is payable, the company is under an obligation to conduct the business within certain parameters as set out in the agreement. Should the company wish to act otherwise than in accordance with the agreed parameters, the company may be obliged to make a buy-out payment to the sellers as determined in accordance with the agreement.

Under the same agreement dated 24 July 2006, the company may be required to pay further potential deferred consideration contingent upon the outcome of an ongoing review of electricity distribution charges being undertaken by Ofgem. The maximum contingent liability of the company is capped at £575,000.

HSBC Bank has issued a performance bond in the sum of £48,000 in relation to certain undertakings given by the group company Triodos Renewables (Caton Moor) Limited in respect of planning obligations at its wind farm site. The maximum contingent liability of the Company is equal to the bond.

28. Controlling interest

With the exception of Triodos Bank NV, the holder of the 'A' ordinary share, there is no party that holds a controlling interest in the company.

Triodos Renewables plc

Triodos Bank
Deanery Road
Bristol BS1 5AS

www.triodosrenewables.co.uk
renewables@triodos.co.uk
Tel. 0117 973 9339

Registered in England and Wales no. 2978651

TR/AR11/MAY12