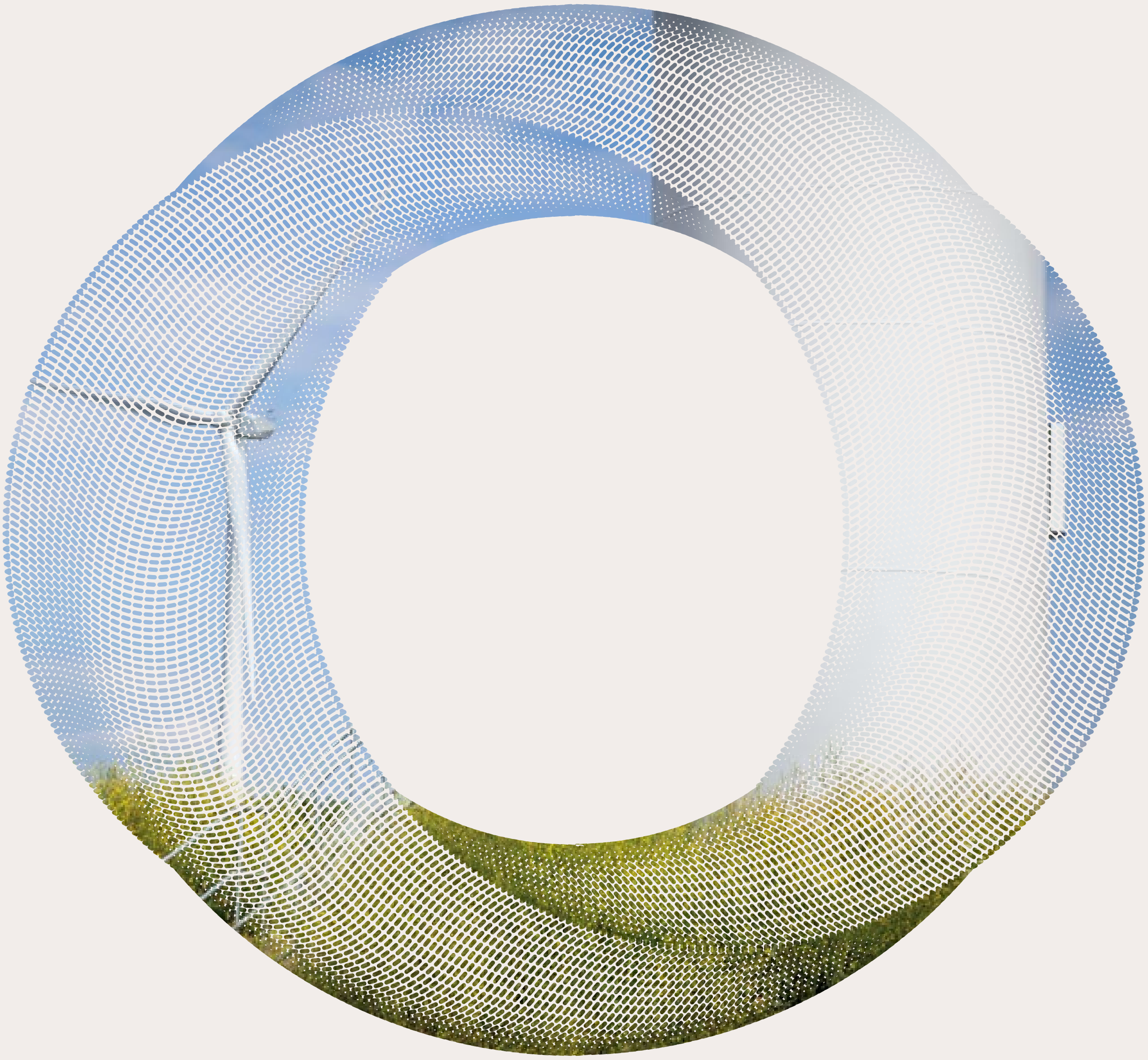
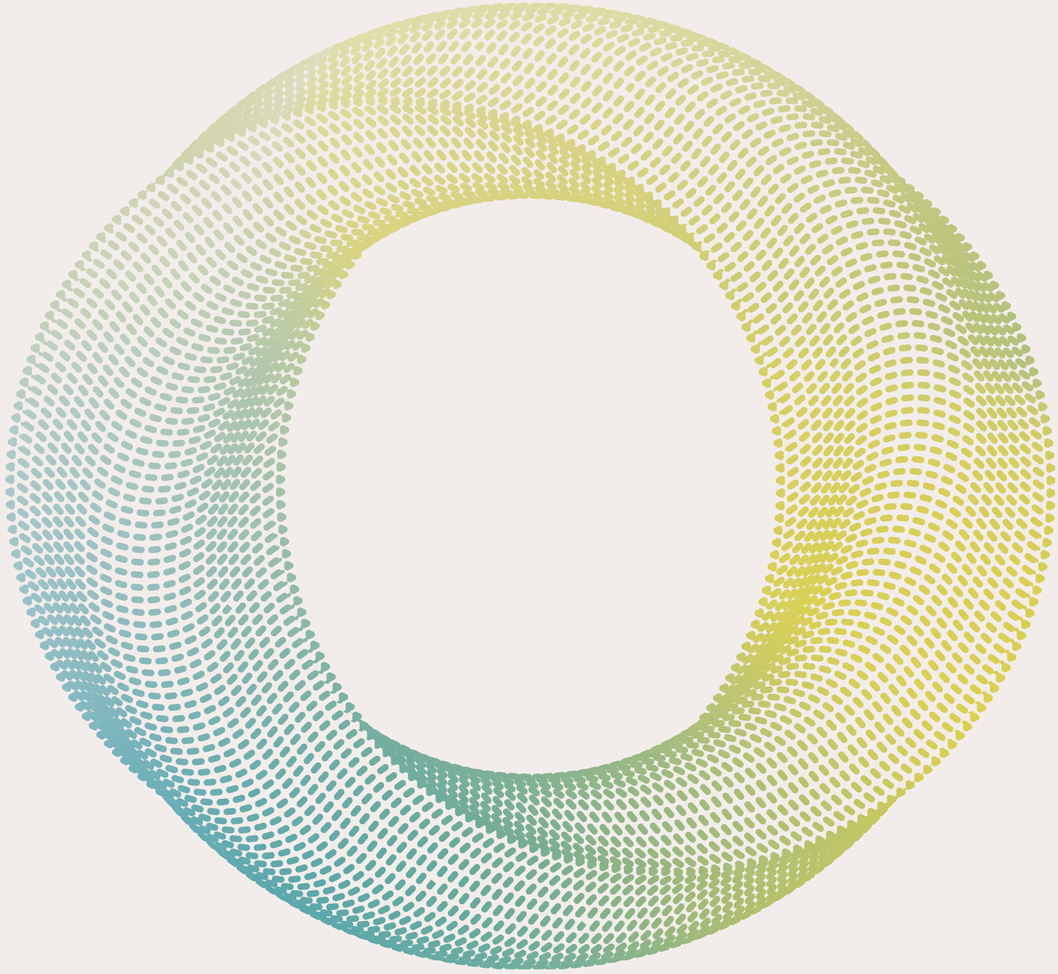
ANNUAL REPORT
AND FINANCIAL STATEMENTS

2017



THRIVE RENEWABLES

WWW.THRIVERENEWABLES.CO.UK



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Simon Roberts (Chair)
Matthew Clayton (Managing Director)
Peter Weston
Katie Gordon
Colin Morgan
Tania Songini
Charles Middleton
Katrina Cross (Finance Director)

COMPANY SECRETARY
Katrina Cross

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CHAIR'S STATEMENT

Welcome from the chair,

My office mug features a reproduction of a beautiful paper cut by Bristol-based artist Rose Vickers featuring the words 'Relentless Optimism'. There have definitely been moments in 2017 when it has proved tough to maintain what I find is a life-enhancing sentiment. But the record-breaking progress of renewable energy in displacing fossil fuel burning in the UK and the continuing growth and development of Thrive Renewables over the last year have justified my positive outlook.

While renewable energy was generating a record 29% of the UK's electricity requirements in 2017, Thrive Renewables achieved record turnover (up 15% on 2016) and increased operating profits by 60% year on year. We increased our portfolio of projects from 17 to 21, including three projects where we've used our innovative Community Energy Bridge financing facility to help communities acquire local renewable projects from commercial developers. This applies our know-how and financial resources to enable wider ownership of the UK's energy system, a core objective for Thrive Renewables.

> "We increased our portfolio of projects from 17 to 21, including three projects where we've used our innovative Community Energy Bridge financing facility to help communities acquire local renewable projects from commercial developers."

One of our own new wind projects, Drumduff, is particularly satisfying; it sits on the site of a 'retired' open cast coal mine. It's difficult to think of a more appropriate and optimistic symbol of how Thrive Renewables uses your investment to transform the country's energy system.

We raised nearly £10 million in bonds for Thrive Renewables Plc from 940 investors, 669 of whom are new to our expanding community of investors. The money raised was quickly deployed, increasing our impact and adding shareholder value. We were particularly pleased to be recognised in the Renewable Energy Association's 2017 award for Financial Leadership for the Innovative Finance ISA developed with Abundance Investment Ltd for the bond issue.

While our existing portfolio enjoys ongoing financial support from Feed in Tariff and Renewables Obligation subsidies, the future for new projects looks very different. The near elimination of renewable subsidies for new projects and significant planning constraints imposed on new wind development in England have largely put paid to the standard business model of the last 20 years for developing on-shore renewable energy projects.

In the future, new on-shore renewable energy projects will only be viable if they are more actively part of the local electricity system, combining with some or all of low cost storage, smarter and more flexible demand management, and local or peer-to-peer electricity supply. That creates interesting – but also potentially more financially risky – developments in all of these domains as new business models emerge. We are actively engaged with this new world, exploring opportunities for Thrive Renewables to participate.

> “In many ways, these uncertainties have similar qualities to those experienced when Thrive Renewables (then as The Wind Fund) was a pioneer company entering the early stages of wind energy deployment in the UK in the mid-1990s.”

In many ways, these uncertainties have similar qualities to those experienced when Thrive Renewables (then as The Wind Fund) was a pioneer company entering the early stages of wind energy deployment in the UK in the mid-1990s. As then, they will be overcome by innovative businesses who combine technical knowhow, policy and market insight, commercial creativity and the backing of their investors who share their vision and purpose. Thrive Renewables is just such a business. As then, a touch of relentless (but not blind!) optimism is likely to prove valuable.

Simon Roberts OBE
Chair of the Board of Thrive Renewables Plc

2017 AT A GLANCE

OUR ACHIEVEMENTS AND PERFORMANCE

GENERATED RECORD TURNOVER OF

£15.6 MILLION

15% UP FROM 2016

OPERATING PROFIT OF

£4.40 MILLION

60% UP FROM 2016

RAISED

£9.96M

FROM 940 INDIVIDUALS VIA THE THRIVE RENEWABLES PLC BOND

THE PORTFOLIO OF PROJECTS TO WHICH WE INVESTED GENERATED

79,570 TONNES OF CO_2e EMISSION REDUCTIONS,

10.7% UP FROM 2016

WE HAVE GROWN OUR INVESTMENT PORTFOLIO FROM 17 TO

21 RENEWABLE ENERGY PROJECTS

WE PAID A DIVIDEND OF

4p IN 2017

WE CREATED THE THRIVE COMMUNITY ENERGY FUNDING BRIDGE, AND HAVE INVESTED

£11.4M IN **3** RENEWABLE ENERGY PROJECTS

250+ VISITORS

ATTENDED OUR FAMILY-ORIENTED WIND FARM OPEN DAY NEAR BRISTOL

14.3 TONNES OF CO_2e

EMISSIONS SAVED

BY OUR AVERAGE SHAREHOLDER IN 2017

WE WON THE

FINANCIAL LEADERSHIP AWARD

FROM THE RENEWABLE ENERGY ASSOCIATION

IN RECOGNITION OF OUR ACCESSIBLE BUSINESS MODEL AND INNOVATION WITH THE IF ISA

WE WERE AWARDED THE GOOD WITH MONEY, **GOOD EGG KITE MARK**

a good egg

OUR PROJECTS

1. BEOCHLICH
Project size: 1.0MW
2 hydro-electric turbines
Location: South-east side of Loch Awe, Argyll, Scotland

2. HAVERIGG II
Project size: 2.4MW
4-turbine wind farm
Location: Cumbria

3. SIGURD
Project size: 1.3MW
1-turbine wind farm
Location: Orkney Islands

4. CATON MOOR
Project size: 16MW
8-turbine wind farm
Location: North Lancashire, just off the M6 at Junction 33

5. NESS POINT
Project size: 2.75MW
1-turbine wind farm
Location: Lowestoft, Suffolk

6. WERN DDU
Project size: 9.2MW
4-turbine wind farm
Location: Gwyddelwern, North Wales

7. KESSINGLAND
Project size: 4.1MW
2-turbine wind farm
Location: Kessingland, Suffolk

8. DUNFERMLINE
Project size: 1.5MW
1-turbine wind farm
Location: Dunfermline, Scotland

9. EYE
Project size: 5MW
2-turbine wind farm
Location: Eye, Suffolk

10. RANSONMOOR
Project size: 10.1MW
5-turbine wind farm
Location: Cambridgeshire

11. SEVERN
Project size: 8.2MW
4-turbine wind farm
Location: Avonmouth, Bristol

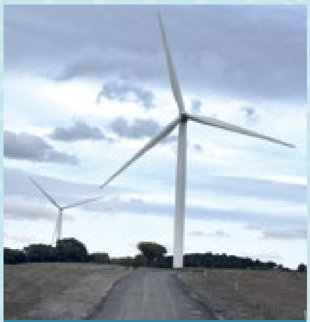
12. MARCH
Project size: 1.5MW
1-turbine wind farm
Location: Cambridgeshire

13. AUCHTYGILLS
14. CLAYFORDS
Thrive Renewables (Buchan) Limited
Project size:
800kW each,
2-turbine wind farm
Location:
Aberdeenshire, Scotland

15. BOARDINGHOUSE
Project size: 10.25MW
5-turbine wind farm
Location: Cambridgeshire

16. GEVENS
Mezzanine loan investment – operational
Project size: 6.9MW
3-turbine wind farm
Location: Fife, Scotland

17. BROTHERTON
Mezzanine loan investment – operational
Project size: 4.6MW
2-turbine wind farm
Location: Aberdeenshire, Scotland



18. DRUMDUFF
Joint venture – operational
Project size: 6MW
3-turbine wind farm
Location: West Lothian, Scotland

COMMUNITY ENERGY FUNDING BRIDGE - OPERATIONAL

19. SHERIFFHALES
Project size: 3.174MWp[1]
solar farm
Location: Shropshire

20. MEAN MOOR
Project size: 6.9MW wind farm
Location: Cumbria

21. BROCKHOLES
Project size: 2.4MW wind farm
Location: Scottish Borders

[1] Mega Watt peak (MWp) is a solar power measure in photo-voltaic (PV) industry to describe a unit's nominal power.

> Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects.

Matthew Clayton, Managing Director, Thrive Renewables

STRATEGIC REPORT

ABOUT US

VISION AND MISSION

We believe in a clean, smart energy system that is powered by the investment of many. Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects.

OUR VALUES

Sustainable at heart
The principles of sustainability have guided us for over two decades, from the projects we invest in to how we run our business. To generate clean energy that can meet the needs of today's world and future generations, we only ever invest in sustainable projects, in a sustainable way.

Rewarding connection
We make decisions based on the interests of our investors. That means we invest in real projects, that are supported by real people, and that create real rewards – financial, environmental, and social. We always communicate these impacts clearly and transparently.

Movement for change
We play an active and committed role in the clean energy movement: a growing community of people and businesses who are committed to making change happen. We share our knowledge and insight to catalyse change, and we're passionate and excited about what is possible.

THRIVE RENEWABLES' MEDIUM TERM TARGETS

- Continue to provide a rewarding and accessible direct investment opportunity into sustainable energy
- Investment into a portfolio of sustainable energy projects which deliver over 100,000 tCO_2e of greenhouse gas emission reductions per annum by 2020
- Deliver renewable energy projects in a subsidy free context
- Grow the investor base to 10,000 by 2020, combining the direct investment into Thrive Renewables and the investment facilitated by the Community Energy Funding Bridge

WE AIM TO GROW OUR ENVIRONMENTAL IMPACT BY REDUCING

STRATEGIC REPORT | DIRECTORS' REPORT | FINANCIAL STATEMENTS

WHAT WE HAVE ACHIEVED IN 2017

Widening the ownership

The Thrive Renewables plc Bond offer successfully closed in March 2017 having raised £9.96 million. Over 900 individuals invested in the Bond in addition to impact investment institutions and foundations. A total of 669 new individuals joined Thrive's community of investors via the Bond. The issuance of the Bond at 5% lowers Thrive's cost of capital, providing the opportunity to increase returns to shareholders and making our cost of capital more competitive in the market for the purchase of new projects.

Investing in new renewable energy capacity

A combination of Thrive's own equity and the money raised by the Bond issue funded five investments in 2017. Thrive Renewables contributed to construction and commissioning of 10.6MW of new onshore wind capacity in 2017. Six megawatts was achieved through Drumduff wind farm with our joint venture partners GreenPower (International) Ltd, converting a former open cast coal mine into a wind farm. Additionally, we provided a £1.48m mezzanine loan facility which contributed to the funding of Brotherton Wind Farm, a 4.6MW onshore wind project.

Thrive Community Energy Funding Bridge

Whilst the number of 'new' renewable energy projects available in the market has fallen, the rapid deployment of renewable energy projects over the last decade has on occasions left out communities, communities which wish to play a part in the transition to cleaner sources of energy. As Thrive's opportunity to build new projects for our shareholders is currently limited, we consider the next best thing is to use our capital flexibly to allow the migration of assets from commercial ownership to community ownership. The Thrive Community Energy Funding Bridge provides communities with the expertise, funding and certainty required to acquire operational renewable energy projects from commercial owners, then allows the community the time required to raise their own funding to replace Thrive Renewables. In 2017 we supported three communities with a total £11.4 million investment into two wind farms and one solar project.

The Community Energy Funding Bridge achieves a number of our objectives, facilitating the diversification of ownership of renewable energy projects whilst also generating a return for Thrive's own investors. We have already contributed to connecting an additional 720 individuals to the Mean Moor wind farm and intend to provide further community energy funding bridges in 2018. The illustration below explains how the Community Energy Funding Bridge works.

The project is owned by a mainstream developer and the Community wishes to buy it.

STEP 1

Thrive gives the Community the breathing space to organise their own funding.

STEP 2

Thrive is repaid and the project belongs to the Community for the long term.

STEP 3

EVOLVING MARKET CONTEXT

Market update

At a high level, the global, European and national policy picture continues to look very positive for transition to a cleaner, smarter energy system. The delivery of competitively priced energy, the reduction of Green House Gas (GHG) emissions and national energy security dominate long term energy policy and planning. The Paris Agreement which has been ratified by 175 nations demonstrated a positive shift from 'whether', to 'how' to address the challenge of climate change and to take measures to keep this century's global temperature rise below 2 degrees Celsius against pre-industrial levels.

The global push for delivering renewable energy at grid price parity is paying off, with projects being developed and built which compete directly with fossil fuelled generation and materially undercut the planned nuclear fleet. In the UK, new generation is procured through contract for difference auctions, and the leading offshore wind farm developers are committing to delivering power at £66/MWh[3], whilst Hinkley Point C requires £107/MWh[4] and we believe that onshore technologies, if given the opportunity to participate in the Contract for Difference auctions, would be offering electricity in the region of £65/MWh. With renewable energy technology prices continuing to fall, performance improvements and a shift in expectations in the entire renewable energy value chain, we can reasonably expect onshore subsidy free projects to commence generation within the next 2-3 years. In a similar role to that which we played in the first few renewable energy projects in the UK over 20 years ago, Thrive aims to be part of demonstrating that subsidy free projects work.

With renewables delivering 29%[5] of the UK's electricity, renewables are now firmly part of the UK's energy mix. Landmarks in the energy sector have been achieved

[2] http://unfccc.int/paris_agreement/items/9485.php

[3] £57.50 2012 prices, indexed to December 2018.

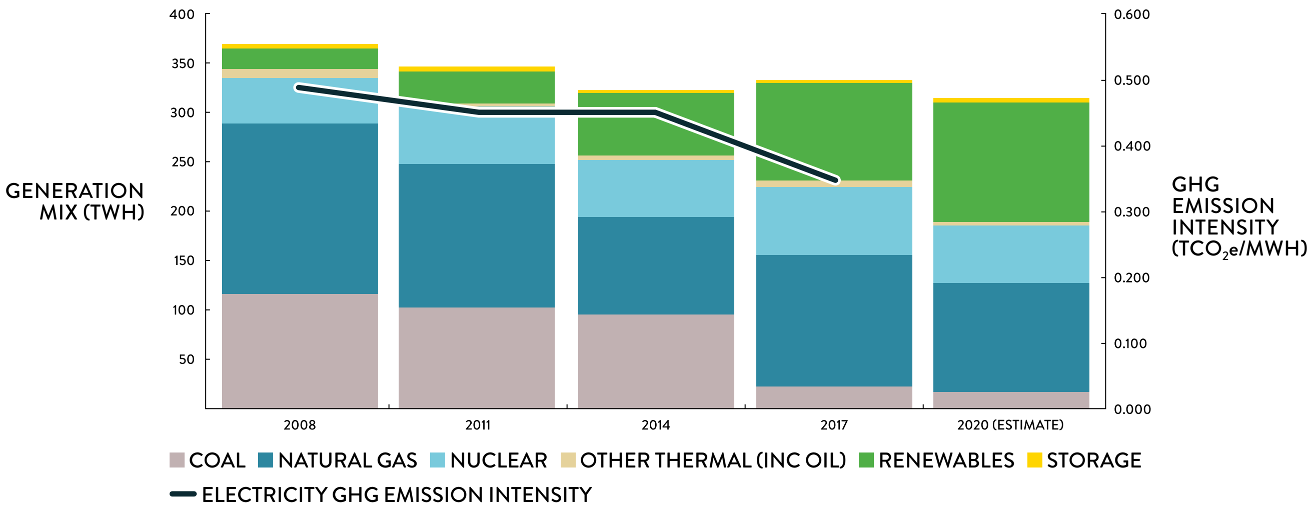
[4] £92.50 2012 prices, indexed to December 2018

[5] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/695752/Energy_Trends_March_2018.pdf

throughout 2017 and early 2018. To mention a few, on 21 April 2017 the UK experienced its first day since 1882 without any electricity demand being satisfied by coal fired power stations[6]. This was heralded as a milestone for the low carbon sector in the national press. Over the course of 2017, 624 hours were coal free in the UK's electricity mix - that's 7% of the year, compared with 2.4% in 2016[7]. The National Grid has confirmed that summer 2017 was the greenest ever for UK electricity. Between June and September, the carbon intensity of UK electricity was less than half the levels for the same period four years ago. In summer 2017, almost 52% of electricity came from low carbon sources (including nuclear) compared with 35% in 2013[8].

The chart below illustrates the UK's evolving electricity fuel mix and the resultant reduction in the greenhouse gas emission intensity of the UK's electricity.

UK ELECTRICITY GENERATION MIX AND GHG EMISSION INTENSITY OF THE UKS ELECTRICITY



[6] www.ft.com/content/8f65f54a-26a7-11e7-8691-d5f7e0cd0a16

[7] www.mygridgb.co.uk

[8] www.theguardian.com/business/2017/sep/26/summer-green-energy-national-grid-carbon-emissions-solar-uk

[9] www.r-e-a.net/news/new-report-shows-nearly-126000-employed-in-growing-renewables-industry-but-growth-slowing

[10] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/651916/BEIS_The_Clean_Growth_online_12.10.17.pdf

The UK's Clean Growth Strategy, published in October 2017, sets out ambitious policy drivers based on both environmental and economic drivers. The UK's clean energy industry is now estimated to employ more than 125,000 people[9], and the Government suggests that the 'Low Carbon Economy' could grow by 11% per annum between 2015 and 2030, 4 times faster than the rest of the economy[10]. Progress continues to be made with energy efficiency (arguably the most critical piece of the energy jigsaw), but despite this, the need for clean electricity is set to grow materially with the transition of both transport and heating to electricity, rather than current dominance of fossil fuels. The growing demand for electricity will require additional capacity to be built and if we are going to continue to progress with curbing greenhouse gas emissions, renewables will be a material part of this solution. We are confident that there is a continued and growing role for renewable electricity generation as we move forwards. Regen[11] suggest that an additional 50GW of renewable capacity is required to meet the 2030 objectives set out in the 5th Carbon Budget which will require more than doubling the UK's capacity from the current 41GW[12].

Addressing the dynamic between demand and supply is a major challenge for the energy system. If we can flatten some of the daily peaks in demand and, better still sculpt demand to tally with the availability of renewable energy, then both the cost and CO_2e content of our electricity system can be reduced. Demand and supply flexibility will become an increasing part of our usage patterns. We need to regulate the peaks in demand to avoid the need for an enormous amount of new infrastructure. Turning down demand to address peaks and levelling the use of power in off peak periods will better utilise the power on the grid and allow the overall cost of meeting our increased demand to be managed down. In addition to the hydro pumped storage facilities, we see the cost of battery storage technology falling rapidly and being able to provide valuable services to the National Grid by storing and supplying electricity at critical times, so providing grid stability. In addition, industrial, commercial and even domestic consumers are now routinely adjusting their consumption in response to the needs of the National Grid, ultimately reducing peaks in demand. This is an area which will continue to evolve rapidly in the coming months and years and is a critical part of the renewables revolution, creating a smarter energy system. Adding flexibility to the system will, in our view, allow renewables to grow from the current 30% to over 50% contribution to the UK's electricity mix. Thrive continues to evaluate opportunities to contribute to the flexibility of the electricity system, in addition to the generation of renewable power.

The financial incentives which have been offered to new onshore renewables electricity projects (wind, hydro and solar) have been either dropped or reduced to a level where they offer little or no benefit over the wholesale electricity price. Whilst it cannot be denied this has had a material impact on the immediate development of new projects, the changes may be considered a long-term success story for the country. Over the last 10 years we've materially reduced the greenhouse gas intensity of our electricity by 45%[13] at an average estimated cost of £9.25 per month[14], per household. We may look back at this period as being one of the UK's most significant changes in environmental management, akin to the reduction in CFC's in the 1980's.

[11] https://www.regensw.co.uk/

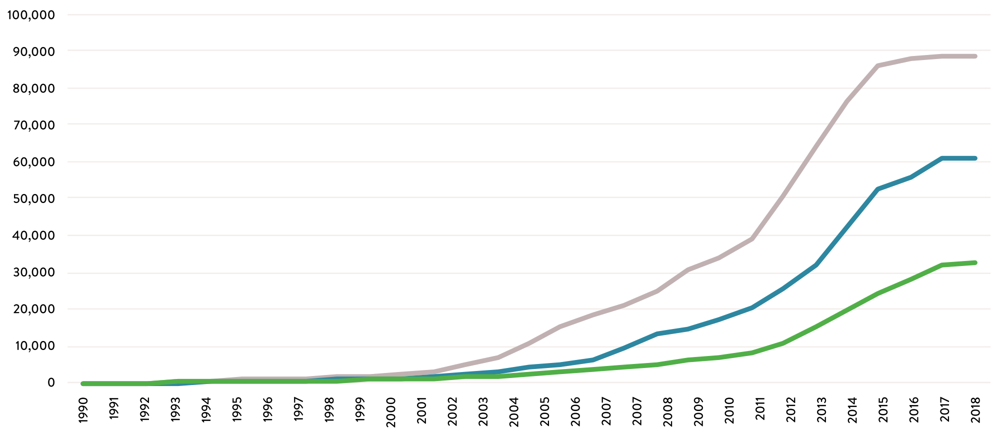
[12] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/695752/Energy_Trends_March_2018.pdf

[13] www.mygridgb.co.uk

[14] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654902/Cost_of_Energy_Review.pdf

The removal of financial support mechanisms announced as part of the Energy Market Reform in 2015 has reduced the revenue certainty for new projects, resulting in the number of new renewable electricity projects (particularly onshore wind, hydro and solar PV) applying for planning consent to fall rapidly since then. The chart below illustrates the cumulative renewable electricity capacity which has been submitted, been granted and become operational over the last 27 years. The chart shows rapid deployment of renewable energy projects becoming operational in the UK, particularly between 2011 and 2017, followed by a significant reduction in planning submissions since 2015. We predict that this slowdown in growth is temporary and that as the market finds its feet in the subsidy free context, we will see this number of submissions recover.

UK RENEWABLE ENERGY PLANNING CONSENTS (CUMULATIVE CAPACITY MW)



Potentially as a consequence of the reduction in financial support for new renewable energy projects, the market for operational renewable energy projects continues to develop, with a number of well capitalised parties actively acquiring operational, commercial scale renewable energy projects which benefit from long term government backed revenue streams such as Renewable Obligation and Feed in Tariffs. This is a positive development for those with operational projects, and the Directors continue to monitor the market conditions, the competitive landscape and the implications this has for the value of Thrive's assets.

The need and direction for continued growth in the contribution of renewable energy is clear. The reduction in financial certainty for new projects has had an impact on the availability of new renewable energy projects in which to invest. Whilst the last decade has been dominated by the rapid deployment of renewable electricity capacity, we predict a brief pause, then continued growth. Coupled with the advances in grid related infrastructure we anticipate the changes delivering a more flexible energy system which is both cleaner and cheaper. Thrive remains committed to providing a means for our shareholders to continue contributing this energy revolution.

OUR MEDIUM TERM FOCUS – A RESPONSE TO THE EVOLVING MARKET CONDITIONS

Amidst the evolving energy regulatory landscape, we are pleased to have successfully qualified all of our development and operational projects for either the Renewables Obligation or Feed in Tariffs and the Directors are confident that the existing portfolio will continue to benefit from these income streams for the first 20 years of each project's operation.

DELIVERING ADDITIONAL VALUE FROM THE EXISTING PORTFOLIO

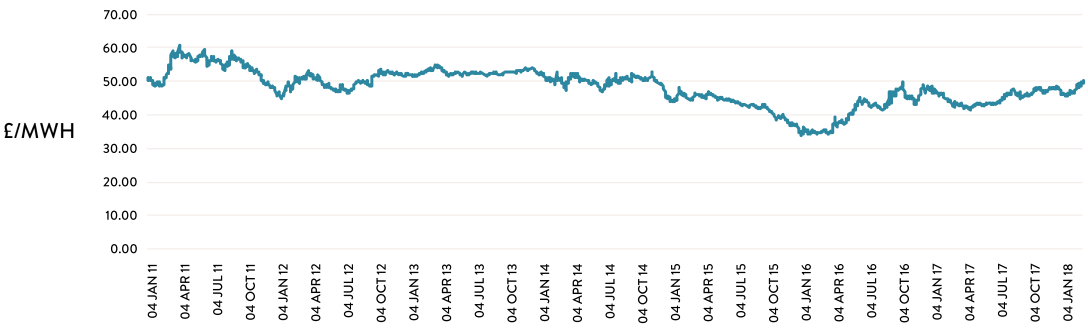
Operations

The executive team continue to seek and deliver means to make the most of our existing portfolio. Throughout 2017, the team have increased the interaction with Asset Managers and Operations and Maintenance contractors to share priorities and align objectives. The intention is that both the performance and condition monitoring are improved, operational downtime is minimised and the longevity of the equipment protected, ultimately increasing the volume of renewable electricity generated.

Power prices

On average in 2017, across Thrive's portfolio, wholesale electricity prices made up 43% of revenue from operational projects. Government backed renewable energy incentives made up 53% and electricity grid services the remaining 4% of the total prices we achieved. We have a range of power sales agreements in place across the 21 projects, which provide mitigation against falling electricity prices whilst providing some access to increases also. Wholesale electricity prices were stable, but low for the first six months of 2017. In the second half of the year they began to rise. This modest trend of increasing wholesale electricity prices continued into the first quarter of 2018, allowing improved prices to be locked in for the summer and winter of 2018.

UK WHOLESALE ELECTRICITY PRICES[15] (YEAR AHEAD)



[15] http://smartestenergy.com/

Cost of debt

Another key area which can add value to the Company is reducing the cost of Thrive's borrowing. Thrive routinely secures long term debt to complement funds raised from shareholders with a view to improving long term returns, and also increasing the scale of the impact we are able to deliver. Thrive can acquire more projects by combining shareholder's capital with debt, than we can with capital alone. The majority (88%) of borrowing is at fixed rates, providing certainty on the cost of repayment. Since the financial crisis of 2008, the long term cost of debt (the interest rates charged) has reduced. As our fixed rate borrowing matures, Thrive is able to achieve lower rates, reducing the interest payments and freeing up more money for dividends and re-investment into new projects. The two Bond offers launched in 2016 contributed to lowering the Company's cost of debt in 2017. Additionally, over the course of 2017 the executive team revisited a number of the Company's debt facilities with a view to further reducing the overall cost of debt in future years.

The path to subsidy free, true sustainability

Whilst the removal of financial support for new projects has slowed down growth in the UK's renewable energy capacity, this represents the catalyst for renewables becoming accepted as 'conventional' generation. Thrive is committed to demonstrating the sustainability of renewable energy. In the immediate term, Thrive is pursuing three business models to continue to deliver impact in the subsidy free context, the Community Energy Funding Bridge, Private Wire Generation and preparing for the Repowering of the Company's more mature assets.

Community Energy Funding Bridge

A number of commercial developers and operators are looking to sell operational renewable energy projects to market. Thrive continues to work with communities which have the ambition of owning renewable energy assets, providing funding bridges and expertise to facilitate the transition in ownership.

Private Wire Generation

Whilst the development of new projects is presently suppressed, we believe that this will bounce back as the subsidy free model is demonstrated and becomes the norm (marking true sustainability). We foresee that in the near term the first subsidy free projects will be either very large (over 50MW – i.e. solar farms covering more than 150 acres or wind farms of 20 or more turbines), or more modest scaled projects with innovative power sales arrangements. We consider the private wire arrangements we already have at our industrially sited projects such as Dunfermline, Eye and March, where we supply the industrial host with power at a discount to what they pay for grid power, but at a premium to what we can achieve in the wholesale market,

as being a suitable place to demonstrate subsidy free can work. We are working on securing more sites of this nature.

Repowering

The 'demography' of Thrive's operational portfolio is quite unique. We are operating projects such as Haverigg II and Beochlich which are entering their third decade of generation, right through to projects such as Drumduff which commenced generation this year. We continue with the preparatory work on repowering (replacing the existing generation assets with new equipment) with a view to extending the life of the projects beyond the initial 20 year operational life. The repowering of sites lends itself well to the subsidy free future, as cost savings can be achieved relative to a new site by utilising existing infrastructure, such as the grid connections.

Thrive intends to be at the forefront of demonstrating that subsidy free renewable electricity generation can work in the UK. We are focused on private wire opportunities and repowering of existing sites. Additionally, we continue offering the Thrive Community Energy Funding Bridge to communities, so broadening ownership of renewable energy and making local assets more accessible for individuals.

Our response to the need for flexibility

With all the progress which has been made by the renewables sector over the last 25 years, including technological advances delivering improved performance at lower costs, better understanding of the underlying energy resources, robust contractual arrangements and established funding models, one of the few remaining hurdles for the majority of our power being supplied by renewables is the variability of generation. We are becoming much better at forecasting the weather and the resultant volumes of power, which will be delivered by the UK's fleet of renewable energy projects, but we are not going to overcome the fact that solar will not generate at night and wind turbines will not generate when it is not windy. This is where grid flexibility is required. The required flexibility can be provided by fossil fuelled plants generating for short periods to meet peaks in demand,

"Thrive intends to be at the forefront of demonstrating that subsidy free renewable electricity generation can work in the UK."

by turning demand up and down to best match the availability of natural resources (demand side management), by using pumped storage, dammed hydro and more recently using battery storage systems to store power when it is abundant and discharge to balance the grid. Thrive continues to seek appropriate opportunities to invest in both battery storage and demand side management as the flexibility services which are most needed and valued presently. The Company has evaluated a number of options in this space focusing on opportunities offering the appropriate risk and return profile. Throughout 2018, Thrive will continue to seek opportunities to invest in contributing to grid flexibility. In summary, our operational and growth plans are focused on;

- Continue to improve the safety, productivity and performance of the existing portfolio.
- Continue to support the transition of renewable energy from commercial to community ownership using the Thrive Community Energy Funding Bridge.
- Extend the life and prepare for repowering of Thrive's more mature assets.
- Identify opportunities to demonstrate that renewable energy projects can be sustainably built and operated without the need for subsidies, focusing on private wire and small to medium sized projects.
- Identify opportunities to invest in assets which add flexibility to the grid, contributing to a smarter system which can utilise growing volumes of renewable energy.

GENERATION IN 2017

Thrive Renewables' owned operational generating capacity grew by 3MW from 64.1MW in 2016, to 67.1MW following the commissioning of Drumduff wind farm in July 2017. The wind farm is 6MW which is co-owned with GreenPower (International) Ltd and built under the joint venture, Green Breeze Energy Ltd.

Whilst growth in Thrive's owned portfolio was modest, the Company invested into four new projects in 2017. The renewable electricity generation capacity into which Thrive has invested increased by 28% from 81.8MW in 2016 to 104.9MW in 2017. The four investments made in 2017 all took the form of subordinated debt, plugging funding gaps and offering the team's experience to complement the projects.

In January 2017, the Company invested £1.48m as a mezzanine loan to Renewable Energy Ventures (Brotherton) Limited to complete the funding requirement for the construction of a two turbine, 4.6MW wind farm located in Aberdeenshire. The project commenced generation in June 2017.

THRIVE RENEWABLES HAS DEVELOPED A COMMUNITY ENERGY FUNDING BRIDGE

WHICH HAS BEEN PROVIDED TO THREE PROJECTS IN 2017

In addition, Thrive Renewables has developed a Community Energy Funding Bridge which has been provided to three projects in 2017. The first, in February 2017, a £1.7m loan to a Community Interest Company that owns the Sheriffhales 3.174MWp solar PV farm in Shropshire. The second, in July 2017, a £7.4m loan to Mean Moor Community Wind Farm Limited which owns a 6.9MW wind farm in Cumbria. The third Community Energy Funding Bridge of £2.3m was completed in October 2017 for the purchase of the 2.4MW Brockholes wind farm located in Scottish Borders.

Thrive's owned portfolio of projects generated 160,549MWh in 2017, 8.6% higher than the 147,779MWh generated in 2016. The successful commissioning of Drumduff wind farm in July 2017 contributed 3% of this year on year increase. The remaining increase can largely be attributed to better wind resources experienced in 2017 when compared to 2016.

The generation from Thrive's invested portfolio, combining both owned projects and those into which we have invested, grew from 174,412MWh in 2016 to 226,335MWh in 2017, an increase of 29.8%. This growth can be attributed to both the growth in the investment portfolio and improved wind resources.

In 2017, generation from Thrive's owned portfolio was equivalent to satisfying the electricity demand of 41,166 UK homes[16] (37,000 homes[17] in 2016). The total portfolio of projects in which Thrive has invested generated electricity equivalent to the demand of 58,034 UK homes (43,669 homes 2016).

[16] BEIS 2018: 3,900kWh per home

[17] BEIS 2017: 3,994kWh per home

THRIVE RENEWABLES PLC BOND OFFER

Thrive Renewables Plc issued a Bond Offer in November 2016 which closed in March 2017 having successfully exceeded the target raise of £7.5m. The Bond offers bondholders 5% interest over 7 years, with Thrive having the option to repay after 5 years. The Bond issue is consistent with Thrive's mission to provide accessible and rewarding ways to directly invest into renewable energy. The minimum investment online was £5 and bondholders had the option of investing via their innovative finance investment account (IF ISA), providing a tax efficient means of investment. The Bond raised £9,962,190.27 in total, £7,722,190.27 by the initial close in December 2016, and the remaining £2,240,000 in the second close in March 2017.

The Bond provides both our shareholders and bondholders with benefits. Bondholders have the opportunity to benefit from interest payments in exchange for lending money to fund the growth of the portfolio. It is the Directors' intention that all shareholders benefit from the bonds, not only those who have invested in them, as the funds raised by the Bond issue have since been successfully deployed into renewable energy projects, realising financial, environmental and social rewards. The additional investments made using the proceeds of the Bond issue diversify revenues for Thrive Renewables.

SECONDARY SHARES MARKET

Shares in Thrive Renewables Plc may be traded on the Matched Bargain Market (MBM) which is operated by James Sharpe and Co. The MBM takes the form of a monthly auction, which was introduced in February 2016. There is more information on buying and selling shares, as well as the results of the monthly share auctions, on our website at www.thriverenewables.co.uk/investors.

In 2017, 186,054 shares were traded at an average price of £1.66, a decrease from the 818,339 shares at an average of £2.23 traded in 2016. The Directors are conscious that the prices achieved via the MBM in 2017 are materially lower than the Directors' Recommended Share Price (DRSP) of £2.35[18]. The Directors are aware that with a diverse shareholder base, it may be helpful to provide guidance on the value of the Company. The DRSP is provided by the Directors with the intention of providing a transparent indication of the value of shares in the Company. The DRSP is reviewed when material events occur, such as the addition of a new renewable project, a change in regulation or movement in forecast of wholesale electricity prices[19].

[18] Correct at the time of writing.

[19] For more information on the Directors' Recommended Share Price visit http://www.thriverenewables.co.uk/for-investors/buying-and-selling-shares/recommended-share-price/

Throughout 2017, the DRSP remained at £2.35. Events took place which had both negative and positive impacts on the projected future dividends achievable by the Company. These included the positive impact of the additional investments and the negative impact of the long-term outlook for electricity prices. Overall these had a neutral impact. The average auction price achieved in 2017 was £1.66, 29% lower than the DRSP. The Directors continue to take steps to improve the values achieved in the MBM to better reflect the underlying value of the Company. Measures include the introduction of a Share Buy-Back Policy and seeking to increase demand for shares by increasing awareness of Thrive via the Impact Investment Network (formerly the Social Stock Exchange), Ethex as well as impact and ethical investment events and media channels.

INTRODUCTION OF THE SHARE BUY-BACK POLICY

Whilst shares in Thrive Renewables plc are a long term investment, the Directors are committed to providing shareholders with an exit which reflects the value of the shares. For this reason, in January 2018 the Share Buy-Back Policy was introduced. The policy provides shareholders who have been listed to sell on the MBM for 12 months or more the opportunity to have their shares bought back by the Company at a 10% discount to the prevailing DRSP at the point at which the buy-back takes place. It is the Directors intention that this will provide a fall back option for shareholders wishing to exit. Any share buy-back is subject to shareholder approval. Shareholders will be invited to vote on buy-back at the Company's AGM on 22 June 2018. The Company's ability to buy back shares is also contingent on certain financial tests being achieved.

The shares bought back by the company under the Share Buy-Back Policy are purchased at a 10% discount to the DRSP. Whilst providing exiting shareholders with a reflection of the value of their shares, the Directors are comfortable that by purchasing the shares at a 10% discount to the DRSP, there is a marginal positive impact on the value of shares for all remaining shareholders. This is achieved as the shares bought back are cancelled, meaning the value of the Company is then divided by fewer shares, providing a marginal benefit to all remaining shareholders.

RECOMMENDED DIVIDEND

The approved dividend for 2016 of 4p per share was paid in July 2017.

For 2017, the Directors recommend the payment of a 4p dividend to be paid in July 2018, which will be subject to approval by the shareholders at the AGM on 22 June 2018.

KEY PERFORMANCE INDICATORS

We have developed key performance indicators (KPIs) to monitor and review our 'health and impact'. These cover the corporate, financial, operational and growth aspects of the business. The Directors routinely monitor KPIs including those summarised in the table below:-

KPIs	2017	2016	2015
Turnover	£15.61m	£13.54m	£15.18m
Operating Profit	£4.40m	£2.74m	£5.13m
Profit (after tax and minority interests)	£1.87m	£(0.39)m	£2.37m
Total investors*	6,243	6,264	5,709
Directors' Recommended Share Price	£2.35	£2.35	£2.18
Dividend proposed/paid	4p	4p	4p
Health and safety incidents	2	0	0
Homes Equivalent of renewable electricity generated	41,166	37,000	41,187

* Investors include shareholders in Thrive Plc and bondholders in Thrive Plc and Buchan.

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

The growth of the portfolio is also monitored with the target of achieving 125MW by 2020 (to deliver over 100,000 tCO_2e of greenhouse gas emission reductions per annum). At the end of 2017 Thrive had invested in projects with total capacity of 104.9MW.

Our electricity generation, and subsequently financial performance, has significantly improved in 2017 (when compared with 2016) with better wind resources, although some technical issues in the portfolio have negatively impacted revenue and profitability. We continue to maintain safe operations, community engagement and acceptable levels of complaints as well as making progress towards growing both our portfolio and investor community.

BREXIT IMPLICATIONS

Whilst there continues to be a lot of speculation on the impact of BREXIT on the UK economy, there is insufficient certainty to provide an informed analysis of the specific implications for Thrive's activities. The Directors are confident, however, that Thrive Renewables has no immediate exposure to BREXIT specific risks and remain confident in Thrive's ongoing business.

Thrive exists to provide individuals with the opportunity to have a rewarding connection with sustainable energy. As evidenced by Thrive's Bond issue and other capital raising activities in the renewable infrastructure space, investor appetite remains strong. The challenge faced by climate change is globally recognised and the UK government have reaffirmed commitment to combating the issue through their ratification of the Paris Agreement in November 2016, the 5th Carbon Budget (June 2016) and the Clean Growth Strategy (October 2017). Renewables have a key role to play in the decarbonisation of the UK's economy and achieving its greenhouse gas emission reduction targets. Whilst the UK government has reduced the level of support for new onshore renewable energy projects, they remain committed to honouring the financial support for which projects have already qualified.

In addition to the regulatory elements described above, other key revenue drivers include the availability of wind, rain and solar radiation resources, which – of course – we do not expect to be impacted by BREXIT. Wholesale power prices represent 43% of Thrive's revenue and are influenced by a wide range of economic and physical factors, from economic activity and seasonal temperatures influencing demand to the cost of the fossil fuels used to generate electricity. The cost of the imported fuels which are often priced in € Euros and $ US dollars varies with the exchange rate with £ Sterling. As the pound weakens, our fuel, and consequently electricity costs tend to increase. We mitigate our short and medium term exposure to movements in the wholesale electricity markets through a range of power sales contracts.

The currency exchange rate exposure is also relevant to our capital costs, with typically 60% of the cost of a new site's equipment being priced in € Euros or US $. Also 25% of Thrive's operating costs are priced in € Euros. When acquiring new projects we are able to mitigate our exposure to fluctuations in currency exchange rates by fixing the price of the € Euros or US $ at the point of acquisition. The impact of changes in the value of the pound on operating costs is less material and presently we don't hedge this exposure.

The turbulence of the BREXIT process is expected to have an impact on long term interest rates. Thrive routinely fixes the interest rate on the majority (currently 88%) of its debt. So, whilst an increase in long term interest rates could have a negative future impact, Thrive's exposure is largely mitigated in the medium term. Whilst the uncertainty created by BREXIT is unhelpful, the Directors are not aware of any additional risks for the Company specifically relating to the process. An increasing desire for energy independence may have a positive impact on the growth of renewable energy in the UK.

GENERAL DATA PROTECTION REGULATION

The General Data Protection Regulation (GDPR) takes effect on 25th May 2018 (although it became law in May 2016, there is a two-year period to enable businesses to prepare for it). It replaces the Data Protection Act 1998. The purpose of the new law is to deal with technological changes and to harmonise data protection laws across the EU more than the current Act does. Thrive is undertaking a specific data protection audit and reviewing its policies and procedures with a view to ensuring compliance with GDPR and that the personal data we hold is appropriately protected.

ENVIRONMENTAL AND SOCIAL GOVERNANCE

We measure our performance in terms of positive financial, environmental and social impact. We host an environmental impact calculator on our website www.thriverenewables.co.uk/calculator which allows you to estimate the environmental impact, measured as tCO_2e emissions reduced with your shareholding in the Company.

ENVIRONMENTAL IMPACT

226,334,549kWh

CLEAN ELECTRICITY GENERATED FROM TOTAL INVESTED PORTFOLIO

THE AVERAGE SHAREHOLDER IS GENERATING EMISSION REDUCTIONS OF

10.2 tCO_2e

FROM THE OWNED PORTFOLIO

AND **14.3 tCO_2e**

FROM THE INVESTED PORTFOLIO

THE EQUIVALENT OF

58,034

HOMES[20]

HAVE BEEN POWERED BY THE OVERALL PORTFOLIO. EQUAL TO THE RESIDENTIAL DEMANDS OF CITIES THE SIZE OF BATH, DURHAM OR LINCOLN

ECOLOGY

WE ARE COMMITTED TO ENVIRONMENTAL MANAGEMENT PLANS AND ONGOING ECOLOGICAL MONITORING. MONITORING THIS YEAR HAS DISCOVERED BARN OWLS, STOCK DOVES, BUZZARDS AND OYSTER CATCHERS NESTING ON OUR SITES

ON ONE OF OUR SITES WE'VE FOUND A RARE, NATURAL BEE HIVE WHICH HAS A BAT BOX AT ITS HEART. IT'S ONE OF THE LARGEST THAT THE ECOLOGY TEAM HAVE EVER SEEN IN THE UK

We measure our performance in terms of positive financial, environmental and social impact. We host an environmental impact calculator on our website www.thriverenewables.co.uk/calculator which allows you to estimate the environmental impact, measured as tCO2e emissions reduced with your shareholding in the Company.

[20] Method used for impact calculations:

Homes Powered Equivalent (p.a.)

http://www.renewableuk.com/page/UKWEDExplained

Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,900kWh.

CO_2 Reductions (p.a.) RenewableUK uses BEIS's carbon saving figure of 430g/kWh - see "A Comparison of Emissions Factors for Electricity Generation"- Fuel Mix Disclosure on page 3 - published by DECC in July 2013. Carbon reduction is calculated by multiplying the installed wind energy capacity in megawatts by the average (onshore + offshore) load factor as a fractional percentage of 1 (e.g. 0.301), multiplied by the number of hours in the year (8760), multiplied by the number of grammes of CO_2 saved per kilowatt hour, divided by 1000 (to align the units, as grammes of CO_2 is expressed in kWh). So for a generic 2MW turbine: 2 x 0.301 x 8760 x 430 / 1,000 = 2,267 tonnes of CO_2 per year, assuming an average load factor (onshore + offshore) of 30.1%.

SOCIAL & COMMUNITY IMPACT

THRIVE UNITES A COMMUNITY OF OVER

6240

IMPACT INVESTORS

IN 2017, THE THRIVE COMMUNITY ENERGY FUNDING BRIDGE FACILITATED

720

INDIVIDUALS TO INVEST

£1.18 MILLION

CONTRIBUTED TO LOCAL ECONOMIES[21]

5.07 TONNES

CO_2e SAVED

BY THRIVE RENEWABLES COMMUNITY PROGRAMME

INVESTMENT IMPACT

THE THRIVE RENEWABLES PLC BOND RAISED

£9.96 MILLION

£15.68 MILLION

INVESTED INTO RENEWABLE ENERGY PROJECTS BY THRIVE IN 2017, £11.4 OF WHICH AS THE THRIVE COMMUNITY ENERGY FUNDING BRIDGE

£109M

ASSETS UNDER MANAGEMENT

ECONOMIC IMPACT

28%

GROWTH OF GENERATION CAPACITY OF THE INVESTED PORTFOLIO TO
104.9MW

HYDRO TURBINES
2

54
WIND TURBINES

21
PROJECTS INVESTED IN TO DATE

4
NEW PROJECTS INVESTED

THE GENERATION CAPACITY OF THE OWNED PORTFOLIO GREW BY
4.8%
TO 226,334,549KWH

YEAR ON YEAR GROWTH

[21] Includes business rates, land rental and community benefits

[22] http://highpaycentre.org/blog/reality-bites-average-ftse100-ceo-pay-package-down-17-on-previous-year

GENDER AND PAY

THIS COMPARES FAVOURABLY WITH THE AVERAGE OF 129:1[22] IN THE FTSE 100

BELOW 4:1

THE RATIO BETWEEN THE HIGHEST AND LOWEST PAID MEMBER, AND **BELOW 2:1** BETWEEN THE HIGHEST AND AVERAGE PAY IN 2017

3 FEMALE
5 MALE
BOARD OF DIRECTORS

EXECUTIVE TEAM
3 MALE
4 FEMALE

THRIVE RENEWABLES

OUR EDUCATIONAL IMPACT

Engaging people in sustainability and renewable energy remains a strong focus for the business and we continued to deliver a number of initiatives throughout 2017.

THRIVE WIND FARM OPEN DAY

In September 2017 we participated in Bristol's city-wide Doors Open Day event which opens up a wide range of buildings not normally accessible to the public. The family-oriented event proved as popular as ever with the free tickets once again being fully allocated in a matter of weeks and around 250 visitors on the day, including a number of you – our investors.

The day provided educational activities to all ages including the ExplorerDome renewable energy science show, an ecology trail around the site, a chance to peek inside the turbines and an interactive wind farm landscape to engage visitors in the range of social, commercial and planning considerations in developing renewable energy sites. The free event was also supported with face painting, organic ice creams, a cycling energy challenge and local food charity FoodCycle (Bristol hub) providing delicious refreshments. Details of our events – past and future – are published on our web site and in our regular newsletters. Visit www.thriverenewables.co.uk to find out more or sign up.

THE EXPLORERDOME SHOW

ExplorerDome is a mobile, inflatable dome offering a wide variety of immersive and interactive science experiences. Thrive has commissioned a bespoke renewable energy show aimed at primary school aged children which is linked to curriculum learning around sources of energy, climate change and renewable technologies.

In 2017, as well as supporting our open day, we were delighted to take the show to Kessingland Primary Academy where pupils and staff were thrilled to share in the experience.

OUR SOCIAL IMPACT

As part of our planning consent for our more recent wind farms we are pleased to make funds available for local and community initiatives which are managed by and for local organisations. These are known as Section 106 agreements and have recently included awards to set up a new mother and toddler group, support an out-of-school social club for primary aged children to learn new skills and fixtures for a variety of community buildings.

OUR COMMUNITY BENEFIT PROGRAMME

In addition to the Section 106 payments we have established a voluntary Community Benefit Programme which is administered by the national energy charity, Centre for Sustainable Energy (CSE).

The programme targets community spaces in neighbourhoods and areas which have a geographical connection to any of the sites in which we're invested. The owners or managers of eligible buildings can apply for grants of up to £4,000 to make improvements to the sustainability and energy performance of the building. The application process offers a self guided energy audit for building managers to identify their biggest opportunity for energy (and cost) savings and encourages them to find local contractors who can carry out the work. This may be simple, but effective, measures like insulation, draft proofing and motion sensors to automatically switch off lights. Advice from CSE also helps them identify improvements which can be made at no cost such as adjusting thermostat and heating controls to match building occupancy.

Overall, the improvements set out to reduce carbon emissions and monthly running costs – savings which can be passed on to the variety of groups using these spaces and individuals who often rely on them for social support and interaction.

In 2017 we made four new awards to pay for LED lighting, installation of a more efficient boiler and roofing upgrades. The awards were made to spaces near our projects at Caton Moor, Dunfermline, Eye and Haverigg II. It is calculated that the combined measures will save a total of 5.07 tonnes of CO_2 per annum. Combined with annual savings from measures installed in previous years the Community Benefit Programme has facilitated improvements which are already saving an impressive 15.2 tonnes CO_2 every year.

COMMUNITY BENEFIT PROGRAMME - DODDINGTON PAVILION

OPERATIONS

OPERATIONAL REVIEW

AN AVERAGE WIND YEAR WITH REGIONAL VARIATION

The UK onshore wind resource in 2017 was marginally above long term expectations[23] and showed a clear regional variation over the year with greater wind resource in northern England and Scotland than the south. The difference was particularly marked in April when resource was weak in the south; the entire country encountered lower than average wind speeds in January and December but with good months for June and October. The regional variation highlights the benefit of our strategy to maintain a geographically diverse range of onshore wind sites and the merit of including diverse technologies such as the hydro electric site at Beochlich and recent investment in Sheriffhales solar park via a mezzanine loan.

OUR OPERATIONAL RESULTS

The improved wind resource over the previous year, plus the commissioning of Drumduff wind farm in July, resulted in a total generation from the Company's portfolio of 160,353MWh during 2017. This represents an 8.5% increase on the 147,778MWh generated in 2016.

The increase may have been greater but for some technical difficulties at certain sites. Our single turbine in Orkney enjoyed some very favourable wind during the year but wear and tear to the bespoke gearbox proved difficult to diagnose and repair in situ. The unit was extracted and overhauled at a specialist facility in August and has shown to be reliable on its return to operation. At Caton Moor, our largest site, a gearbox required replacement in one turbine and blade inspections identified defects which required repair on three turbines. Whilst generation was sacrificed for this work to be carried out the lost revenues were compensated through our comprehensive maintenance contract.

Blade coating erosion is something of a hot topic in the industry at present and as the fleet of UK onshore wind assets mature. In a proactive manner, Thrive are establishing a strategy for blade inspection and repair to supplement the variety of service contracts that handle these critical components. This is being implemented in 2018.

After two full years of operation, comparison of performance within the Company's portfolio and comparison with the wider UK fleet, the Directors have made a minor downward adjustment to the preconstruction forecast generation for Boardinghouse.

[23] http://everoze.com/gb-wind-index-2017/

COMPARISON OF 2017 GENERATION AGAINST 2016

SITE	GENERATION COMMENCED	GENERATION 2017 MWH	GENERATION 2016 MWH	GENERATION CHANGE %	SITE INFORMATION
Beochlich	1998	4,688	3,404	37.7%	Our sole hydro-electric site enjoyed good rainfall and reliability during 2017 resulting in one of the project's best ever years of generation.
Haverigg II*	1998	4,279	3,952	8.3%	Careful maintenance of this more mature site ensured the four turbines were able to capitalise on good wind resource on the Cumbria coast. Thrive owns 75% of this project with the remainder owned by community based Baywind energy co-operative.
Sigurd	2001	2,108	4,200	(49.8)%	Wear and tear to the main gearbox bearing resulted in several months of downtime while the damage was diagnosed and then while the unit was extracted for repair at a specialist facility.
Caton Moor	2006	36,323	36,279	0.1%	Downtime due to a series of minor electrical faults across the site were compounded by the failure and replacement of one gearbox and repairs to blades on three turbines. Most revenue missed from lost generation was compensated under the terms of our maintenance contract and the repairs give these turbines a fresh lease of life.
Ness Point	2005	5,597	2,597	115.5%	At the most easterly point in the UK our Ness Point turbine enjoys uninterrupted wind off the North Sea. Faults with the yaw system (which turns the turbine to face the wind) in August and some generator components in December negatively impacted generation.
Wern Ddu	2010	21,344	18,985	12.4%	With better wind resource than during the previous year, our four turbine site in North Wales enjoyed a marked increase in generation.
Kessingland	2011	12,203	12,281	(0.6)%	Thrive's two turbines adjoin the popular Africa Alive! animal park in Suffolk. Technical availability during the year was good and generation almost exactly the same as in the previous year.

* generation from the site calculated in proportion to Thrive Renewables' ownership and does not include the mezzanine loan investments.

SITE	GENERATION COMMENCED	GENERATION 2017 MWH	GENERATION 2016 MWH	GENERATION CHANGE %	SITE INFORMATION
Dunfermline	2011	2,727	2,362	15.4%	Our wind turbine in Dunfermline was the first of our "private wire" schemes, selling renewable electricity directly to a local industrial user with considerable mutual benefit. Good wind resource in the north of the UK saw increased generation from 2016.
Eye	2013	13,228	11,722	12.9%	Our second private wire scheme, this 5MW project supplies renewable electricity to the industrial estate upon which the two turbines are built. This pioneering approach is now being explored further as an option for subsidy-free development.
Ransonmoor (Fenpower)*	2013	5,745	5,062	13.5%	Thrive Renewables owns 24.9% of this project – an investment that allowed the original developer to progress their next project and new capacity in Boardinghouse wind farm. Thrive recently welcomed local MEP, Alex Mayer onto the site to share awareness of renewable technologies and challenges in the sector. Her visit has subsequently informed a debate on sustainability targets in the European Parliament.
Severn	2013	18,705	17,989	4.0%	Thrive's four turbines are located on a large waste water treatment plant close to Bristol and, once again in 2017, hosted a family-oriented open day. The event helped enthuse and educate visitors, dispel myths and engage with a wide audience (despite some very heavy downpours on the day!) Generation increased from the previous year due to better wind resource.
March	2014	3,908	4,119	(5.1)%	Another private wire scheme, our turbine at March supplies renewable energy to one of the leading UK potato growers and processors, Greenvale AP who, in turn, supply several major retailers. Generation was slightly down from the previous year due to several unrelated grid issues and while certain control parameters are refined.

* generation from the site calculated in proportion to Thrive Renewables' ownership and does not include the mezzanine loan investments.

SITE	GENERATION COMMENCED	GENERATION 2017 MWH	GENERATION 2016 MWH	GENERATION CHANGE %	SITE INFORMATION
Auchtygills	2015	2,203	2,141	2.9%	The Auchtygills and Clayfords sites each have a capacity of 800kW. They are unusual in that Thrive Renewables developed these projects from scratch rather than investing after the initial development work.
Clayfords	2015	2,225	2,010	10.7%	
Boardinghouse*	2015	21,346	20,675	3.2%	Thrive Renewables own a 75% stake in this project and we are pleased to see a small increase in production over last year, primarily due to wind resource on the site. We have been sensitive and proactive in dealing with a concern around bird movements which was identified in our ecology monitoring.
Drumduff*	July 2017	3,725	-		Working in a joint venture, Thrive were delighted to acquire, build and qualify this new wind project under the government's grace period for the Renewable Obligation support scheme. The land is an old open cast coal mine and we've made a short film available on our web site about the land's transition from fossil fuel to renewable energy. Have a look online at www.thriverenewables.co.uk/drumduff
		160,353	147,778	8.5%	

HEALTH AND SAFETY

During 2017 there were no accidents or incidents notifiable to the Health and Safety Executive (HSE) (2016 – none) on Thrive Renewables sites in operation or construction. There were two incidents recorded which caused lost working time on site. In one incident a grounds worker contracted to maintain vegetation beneath a turbine stumbled in a hole which was not clearly visible due to the vegetation and injured his shin. In the second incident a wrench slipped whilst a technician was tightening bolts and caused a cut to his forehead. In both incidents, the workers immediately received appropriate first aid and medical attention and returned to work the following day. The incidents were investigated and followed up appropriately to mitigate future risk. We remain committed to engaging with staff, contractors and workers and to ensuring compliance with regulations and industry good practice. Engagement and procedures mean we continue to record "near miss" events to improve safety across our sites and throughout our operations.

MANAGEMENT OF OPERATIONAL ASSETS

Thrive Renewables have worked hard to identify and contract services which support the safe, optimal and long term running of our operational assets around the UK. These providers support our own in house Operations Manager to ensure maintenance is carried out in a timely manner, safety inspections are up to date and long term strategies are being considered. We refer to this as technical asset management. Contracting these services out means that we can scale the requirements alongside growth in our portfolio and, importantly, acquire competence for different technologies as required.

At the end of 2017 we had investments in 21 renewable energy projects spread across the UK, projects in which our shareholders and investors have a direct interest. Have a look at our map and learn more about projects which may be close to where you live – www.thriverenewables.co.uk/projects

NEW INVESTMENTS

GREEN BREEZE ENERGY LIMITED

Thrive has established a 50:50 joint venture with an experienced Scottish developer called GreenPower (International) Ltd. In July 2016 the company jointly acquired Green Breeze Energy Limited, a company with rights to construct Drumduff wind farm. This three-turbine project is located on an old, disused open cast coal mine to the north of Blackridge in West Lothian. The financial close on the project was achieved on 24 January 2017 having agreed the turbine supply agreement, civil and electrical contract and the senior debt funding package from Santander UK. Construction took place over the spring and became operational in July 2017 which was on time to qualify for the Renewables Obligation Certificates (ROCs) well ahead of the ROC qualification deadline in January 2018. At the beginning of 2018 the contractors and GreenPower were still completing the final post construction issues. The project is forecast to generate enough renewable electricity to meet the annual demand of 5,590 UK homes.

BROTHERTON

On 26 January 2017, Thrive (via its subsidiary Brunel Wind Ltd) agreed a £1.5m mezzanine finance facility with Renewable Energy Ventures (Brotherton) Ltd (REVB). REVB have successfully secured all the required rights and permits to build a 4.6MW wind farm located within the Brotherton Estate near Johnshaven in Aberdeenshire, Scotland. Thrive has provided the capital required for the project construction in combination with senior debt and the developer's own equity. The project construction took place over the spring 2017 and the project started delivery of electricity to the grid in June 2017. The two 2.3MW Enercon E82 turbines are just under 100 meters tall and are expected to generate enough renewable electricity to meet the annual demand of 3,230 UK homes. The project qualified for Renewables Obligation Certificates (ROCs) under the investment grace period well ahead of the deadline of 31 January 2018.

SHERIFFHALES

In February 2017, Thrive invested in a solar PV project by providing a £1.7m mezzanine loan to the Community Interest Company (CIC) that owns the operational solar project, Sheriffhales, located in Shropshire. This is the first time that Thrive has invested into a CIC structure, which is a new form of legal entity introduced specifically to facilitate community ownership. The CIC is managed by Mongoose Energy and a community share issue is planned to launch in 2018. Banks typically lend 70-80% of project capital costs, with developers or communities still needing to find the remaining 20-30%. Our investment was therefore key for the CIC acquiring this asset, and the community now has time to raise the funds and acquire shares in the project.

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During 2018 the community will be invited to get involved in the 3.174MWp solar farm and establish a rewarding connection with the site. The site is expected to generate enough renewable electricity to meet the annual demand of 754 UK homes.

MEAN MOOR

On 11 July 2017, Thrive provided a £7.5m mezzanine finance facility to Mean Moor Community Wind Farm Limited to purchase Mean Moor, a 6.9MW wind farm in Cumbria commissioned in late 2016. Mean Moor Community Wind Farm Limited was set up by three energy co-operatives - Energy Prospects, High Winds and Baywind.

The wind farm is now 100% community owned. The site is expected to generate enough renewable electricity to meet the annual demand of 4,689 UK homes. This is an innovative transaction which allows three communities to come together and secure the required finance from Thrive to purchase a large commercial wind farm. At the time of writing the Annual Report in April 2018, the combined community groups have raised the first £4m to partially repay the Community Energy Funding Bridge, attracting over 700 investors.

BROCKHOLES

The third community energy funding bridge of £2.3m was completed in October 2017 for the purchase of a 2.4MW wind farm located 10km North East of Duns in the Scottish Borders. The project was developed by and acquired from a farmer and has been operational since November 2012. The 3-turbine wind farm generates enough renewable electricity to meet the annual demand of 1,692 UK homes. Thrive has provided Brockholes Community Energy Ltd with a funding bridge. The project is being managed by Mongoose Energy. The project plans to repay Thrive's Community Energy Funding Bridge with money raised from community investors in 2018.

FINANCE

FINANCIAL REVIEW

The Group results are a statutory pre-tax profit of £2,665,725 for the year ended 31 December 2017 compared to a pre-tax loss of £(890,554) in 2016. The statutory results under IFRS include movements on the fair values of financial instruments (gain of £551,158 in 2017 and a loss of £603,305 in 2016). Excluding the impact of market-based financial instrument gains and losses, the underlying pre-tax profit in 2017 was £2,114,567, increased from a loss of £(287,249) in 2016. This result was affected by a number of factors:

- The existing portfolio experienced increased availability and wind speeds amounting to 8,850MWh of increased generation compared to 2016 (6%) and new capacity added 3,725MWh of generation (2.5%).
- The net impact of the increased generation was £2,070,000 increase in revenues from the previous year.
- Additional direct costs this year were £814,000 as a result of increased repair costs and earn out provision to previous project owners. There has been a £27,000 reduction in administrative costs, £309,000 increase in interest costs (from the Thrive bond) and £183,000 increase in share of associated profits. Increased interest receivable from the loans provided to developers and community organisation was £872,000. Other income receivable of £372,000 related to an insurance claim and manufacturer warranty for lost generation. This totalled a net impact of £331,000 of reduced costs.
- The net impact compared to 2016 was an increase in pre-tax profit of £2,401,000.

	2017 £	2016 £	2015 £	2014 £	2013 £
(Loss)/Profit before tax before Fair Value adjustments	2,114,567	(287,249)	2,061,394	1,659,446	1,732,256
Fair value adjustments	551,158	(603,305)	248,530	(1,755,174)	(144,245)
Profit before Tax under IFRS	2,665,725	(890,554)	2,309,924	(95,728)	1,588,011

The trading results for the financial year and the Group's position at the year-end are shown in the attached financial statements. A summary of turnover by operating site is as follows:

TURNOVER SUMMARY BY OPERATING SITE

SITE	DATE ACQUIRED	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Beochlich	1998	448	288	313	242	342	335	243
Haverigg II	1998	424	364	433	416	375	360	280
Ness Point	2005	509	224	561	605	440	580	485
Caton Moor	2006	3,468	2,861	3,439	3,604	3,571	3,030	3,790
Sigurd	2006	201	365	265	202	189	206	185
Wern Ddu	2009	1,928	1,551	2,138	1,843	1,946	1,744	2,129
Kessingland	2010	1,340	1,470	1,703	1,680	1,522	1,528	746
Dunfermline	2011	513	411	589	513	494	472	61
Eye	2012	1,355	1,258	1,446	1,599	1,034	-	-
Severn	2012	1,715	1,443	1,752	1,634	190	-	-
March	2013	637	661	747	95	-	-	-
Auchtygills	2007	281	268	144	-	-	-	-
Clayfords	2007	290	249	165	-	-	-	-
Boardinghouse	2014	2,453	2,122	1,457	-	-	-	-
Other	N/A	48	7	6	-	-	-	-
Total*		**15,610**	**13,541**	**15,158**	**12,433**	**10,103**	**8,255**	**7,919**

*Turnover only relates to subsidiaries of Thrive.

On 31 December 2017, the Group held £11,563,000 of cash compared to £18,566,000 in 2016. This was high at the end of 2016 as the initial close of the Company bond took place in December 2016. Cash reserves are held in the business for working capital requirements and debt service reserves. The Group's net debt at 31 December 2017 was £49,803,000 (2016: £44,797,000), an increase of £5,006,000 over the previous year as a result of cash used for investments. The ratio of net debt to fixed assets at 31 December 2017 was 54% compared to 52% in 2016.

The results for 2017 show strong financial and operating performance and the Directors consider that Thrive Renewables remains in a strong financial position to progress in the future.

GOING CONCERN

Thrive 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 electricity companies. The Directors consider that these factors provide confidence over future forecast income streams. In addition, the Directors consider that Thrive and the Group have sufficient cash funds and finance facilities available for their ongoing operations.

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, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including price risk, interest rate risk, credit risk, foreign exchange risk, operating risk and changes in government policy. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

PRICE RISK

Thrive Renewables is reliant on market wholesale electricity prices at its largest three sites, Caton Moor, Boardinghouse and Wern Ddu. To mitigate this risk, we negotiate long-term power price agreements (PPAs) with price fixing mechanism and 'floor' prices to protect our downside risk. Certain aspects of our financing arrangements require the Group to enter into Retail Price Index (RPI) swaps to manage an element of risk relating to changes in the RPI rate built into ROC contracts on the related sites.

INTEREST RATE RISK

Thrive Renewables uses 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 that eliminate exposure to interest rate increases. Where long-term loans are not at fixed interest rates, the Group seeks to fix these through the use of interest rate swaps.

CREDIT RISK

In the event of default by a customer, significant financial loss could arise. However, Thrive Renewables will normally only consider entering into power purchase agreements (PPA) for the sale of its electricity with utility companies or government-backed contracts. With merchant projects such as Dunfermline, March 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 utility companies to receive any excess power, and the entire volume in the case of default of the host.

FOREIGN EXCHANGE RISK

Thrive 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. Thrive Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level of availability for between five and fifteen 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.

CASH AND LIQUIDITY RISK

Cash and 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.

Typically the Group ensures that it has sufficient facilities to meet foreseeable operational expenses. At the year end the group had available facilities of £11.6m (2016: £18.6m).

GOVERNMENT POLICY

The renewable energy industry receives government incentives to encourage the generation of renewable energy. While there have been numerous changes reducing the support and incentives for which new projects are eligible, the schemes for which existing projects have qualified have not been modified. This allows each project to benefit from the original support for a predetermined term. No main political party has proposed any retrospective change.

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.

Approved by the Board of Directors
and signed by order of the Board

Katrina Cross
Secretary

Date: 22nd May 2018

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the audited consolidated and Company financial statements and auditor's report, for the year ended 31 December 2017.

Details of significant events since the balance sheet date are contained in note 32 to the financial statements. An indication of likely future developments in the business of the company and details of research and development activities are included in the strategic report.

Information about the use of financial instruments by the company and its subsidiaries is given in note 28 to the financial statements.

DIRECTORS

The current Directors of the Company are shown on page one. All Directors served throughout the financial year and to date.

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	**2017**	**2016**
Matthew Clayton	698	687
Katrina Cross	-	-
Katie Gordon	-	-
Charles Middleton	-	-
Colin Morgan	4,384	4,384
Simon Roberts	540	531
Tania Songini	-	-
Peter Weston	2,631	2,631

DIVIDENDS

The recommended dividend for 2016 of 4p per share was paid in July 2017. After a year of strong performance in 2017 the Directors recommend a dividend of 4p per share for payment in 2018.

We remain committed to paying annual dividends from the profits of the business (subject to maintaining appropriate financial reserves) and seeking further investment through share and bond issues to fund the Group's growth. This is consistent with our approach to date and endorsed by feedback from the shareholder survey conducted in 2013.

CORPORATE GOVERNANCE

In 2016 Thrive decided to adopt the Quoted Companies Alliance Code (QCA Code). The code sets out governance guidance and best practice appropriate for companies of the scale of Thrive Renewables. While Thrive Renewables is not listed on any stock exchange, the QCA code is largely relevant. The Company's website www.thriverenewables.co.uk hosts a range of information in accordance with the QCA code. We continue to incorporate the additional information into the Annual Report and Accounts.

The table below summarises the responsibilities and membership of the four Board Committees.

COMMITTEE	KEY RESPONSIBILITY	CHAIR	MEMBER
Audit	Oversight of the governance, finances, risks and processes	Tania Songini	Charles Middleton
Nominations	Oversight of the performance and appropriateness of the Board resources and recruitment of Board members	Simon Roberts	Katie Gordon
Remuneration	Oversight of the appropriateness of the remuneration, incentivisation and retention of Board and senior executives	Charles Middleton	Colin Morgan
Operations, Health, Safety and Environment	Oversight of the HS&E and the operations of the Company	Peter Weston	Colin Morgan

BOARD COMMITTEE REPORTS

Each Board Committee's report is presented below.

AUDIT COMMITTEE

The Audit Committee has responsibility for the overall finances, governance, risk management and internal controls of the Company and provides the primary interface with the Company's external auditors. The Audit Committee has two members, both of whom are Non-Executive Directors. The Audit Committee met 6 times during 2017, including immediately before the Company's full year results were published. It follows an agreed annual work programme comprising both regular items and areas considered to require particular focus. The Managing Director and Finance Director attend the meetings and the external auditors participate at least twice a year. The Audit Committee Chair or the Committee meet with the auditors, without executives present, from time to time.

In addition to the routine business of the Audit Committee in 2017 specific consideration included;

- oversight of the incorporation of QCA governance guidelines and requirements on the Company's web page and in the upcoming Annual Report structure;
- review and strengthening of longer term planning processes such as 2 year cash flow projections, quarterly forecast updates, reserves development;
- review of risks and improvements to the risk register and alignment of these with the Company's strategic objectives;
- commence a review of the Company's internal controls, building on the results of the 2016 governance review and governance documentation.

The Committee reviewed its activities in 2017 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference. It has satisfied itself that the Company's business, and that of its subsidiaries, is being conducted in a proper and economically sound manner.

Tania Songini
Chair of the Audit Committee

NOMINATIONS COMMITTEE

The Nominations Committee convened once in 2017 with full attendance. The Committee is satisfied that the members of the Board are performing well, providing the appropriate challenge to the executive team and bring the required skills to the Company. The Nominations Committee therefore recommended the appointment of Charles Middleton and Katrina Cross and the reappointment of Simon Roberts to the shareholders at the AGM on 30 June 2017. In late 2017, the Nominations Committee considered increasing the availability of the Finance Director role to reflect the growing requirements of the Company. This resulted in agreement in February 2018 that the Finance Director (presently engaged as a contractor) becomes an employee of the Company from September 2018.

In the third quarter of 2018 the Nominations Committee plan to complete a Board effectiveness review exercise.

Simon Roberts
Chair of the Nominations Committee

REMUNERATION COMMITTEE

The Remuneration Committee met twice in 2017 with full attendance of both members. The key elements considered by the Remuneration Committee this year included;

- the implementation of the Committee's terms of reference within the QCA Governance framework;
- executive and non-executive remuneration benchmarking;
- appropriate input and challenge to the Managing Director's proposed structural changes of the annual salary review process for the senior executives;
- a review of the Executive Directors' remuneration and of fees for the Non-Executive Directors.

The remuneration policy agreed for the Executive Directors and the Executive Management Team provides for fair pay for a professionally managed values based business. The basis of the Executive remuneration package is consistent throughout the company. The package comprises a basic salary, a modest bonus which is awarded annually in the case of exceptional performance, company pension scheme contributions, plus inclusion in the Company's death in service and long term sickness insurance scheme. The agreed salary review process contemplates the performance of the individual, growth in responsibility undertaken within the role, the performance of the Company, inflation, and benchmarking of similar roles in similar organisations. It was agreed that the bonus components of salary for exceptional performance has a ceiling of 3.3% (2017) and 2.5% (2018) of the individual's salary.

The salary ratios for the executive management team are presented in the table below.

	RATIO OF HIGHEST SALARY COMPARED WITH LOWEST SALARY	RATIO OF HIGHEST SALARY COMPARED WITH AVERAGE (MEAN) SALARY
2016	3.6x	1.8x
2017	3.7x	1.8x

The Non-Executive Directors' remuneration is a fixed annual fee. Following benchmarking, it was agreed that an increment to the Non-Executive Directors' remuneration would be proposed to the Board in January 2018. A fee change from £9,000 to £10,000 per annum, 11% for Non-Executive Directors, and from £12,000 to £13,000 per annum, 8% for the Chair was agreed in January 2018, the first change since 2012. The revised fees are to be backdated to 1 January 2018.

In 2018 the Remuneration Committee will continue to consider appropriate remuneration benchmarks and the potential for a modest share scheme to become part of the executive remuneration, it is noted that the majority of the executive have purchased shares in the Company, and that the offer of shares in relation to exceptional performance would further align the executive's and shareholder's interests.

Charles Middleton
Chair of the Remuneration Committee

OPERATIONS, HEALTH, SAFETY AND ENVIRONMENT (OHSE) COMMITTEE

The OHSE Committee is responsible for overseeing matters related to health, safety, operations and the environment in the Company, particularly in regard to our operational renewable assets and those in construction. The Committee is not formally required under the QCA Code, but the Board of Directors considers that the Committee's oversight role was important due to the Company's operation of physical renewable assets.

The Committee membership comprises two Non-Executive Directors and all meetings are attended and supported by the Managing Director and the Operations Manager. The Committee met four times during 2017 shortly before each full Board meeting with 100% attendance from the Directors. The Committee reviewed quarterly reports from the Operations Manager and provided challenge, advice and made approvals as required. Regular matters addressed by the Committee included monitoring of health and safety arrangements and incidents on site, review of operational and construction performance against agreed objectives and industry best practice, regulatory compliance, and approval of exceptional budget expenditure. Special matters addressed by the Committee in 2017 included a comprehensive review of the quality of service and cost effectiveness of all operational service contracts.

Peter Weston
Chair of the OHSE Committee

BOARD OF DIRECTORS, MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

SIMON ROBERTS OBE
Chair

Simon has spent more than 30 years helping people, organisations and policy-makers change the way they think and act on energy. Since 2002 he has been Chief Executive of the Centre for Sustainable Energy (CSE), one of the UK's leading energy charities. Prior to this, he held senior roles at Friends of the Earth and Triodos Bank. He was Managing Director of Thrive Renewables (when it was The Wind Fund) from 2000-2002.

An experienced policy analyst and strategist, Simon is a specialist advisor to government, industry and academic bodies, including Ofgem on energy network regulation and the government on the UK's plans to cut carbon emissions. He was appointed to the government's new Smart Systems Forum in 2017, advising the government on the transition to a smart, very low carbon electricity system. Simon is a non-executive Director of Bristol Green Capital Partnership CIC. He was awarded an OBE in 2011 for services to the renewables industry.

MATTHEW CLAYTON
Managing Director

Matthew has worked in the Thrive Renewables team (formerly Triodos Renewables) since 2006 and undertakes the overall management of Thrive Renewables Plc (now as full time employee and prior to March 2016 under the management agreement with Triodos Bank). In this time Matthew has contributed to 15-fold growth in the Company. At Triodos Bank Matthew's responsibilities included leading the Energy and Climate equity investment team and membership of the Energy and Climate Investment Committee. Prior to joining 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.

TANIA SONGINI

Non-Executive Director

Tania joined the Board as Chair of the Audit Committee on 22 October 2015. Tania has a portfolio of non-executive Director roles and business consulting work. Tania is also Treasurer and Trustee on the board of Bond (the British network of NGOs working in international development), NED and Chair of the Audit Committee at London Energy (a waste to energy operator), NED at Oxford Policy Management (a development consultancy) and at the Private Infrastructure Development Group (a fund enabling and financing infrastructure projects in Sub-Saharan Africa and South/ South-East Asia). Her consulting work focuses on productivity programmes across Siemens Healthcare in EMEA.

Previously, Tania worked for leading global engineering and technology services company Siemens, joining in 1997 as a commercial bid and project manager. Tania progressed to hold a number of Finance Director and Non-Executive Board Director roles at Siemens, including for Siemens Energy in the UK where she was also Controller for Siemens Energy North West Europe region. Tania is the Chair of ViaNinos UK, a charity she established in the UK in 2009 that supports projects helping street and working children in Ecuador.

PETER WESTON

Non-Executive Director

Peter is Director of Investment Advisory at Energy 4 Impact, a non-profit organisation which advises small businesses in off-grid sustainable energy in Sub Saharan Africa. Peter is an expert in renewable energy, bringing to the Thrive board 20 years' experience as an investor, lender and strategic adviser in the renewable energy sector. He is a board member of Renewable World, which manages micro-scale renewable projects in developing countries, and a visiting lecturer on energy finance at ESCP Business School. He was previously global head of finance and investment for two power equipment suppliers – Siemens Wind Power and MAN – and led GE Capital's European energy lending team. Prior to this he held management roles at the bank WestLB and the trading firm Aquila Energy. Peter has a BA in Economics and Politics from Warwick University.

KATIE GORDON

Non-Executive Director

Katie has spent most of her career in Socially Responsible Investment (SRI) and corporate marketing. She was Head of SRI at Cazenove Capital Management for 12 years, where she initiated, led and developed the SRI offering. This was followed by 5 years as Director of Responsible Investment and Stewardship at CCLA. Prior to working in SRI, Katie spent 5 years in strategic brand management, and was founding director of Swordfish Integrated Marketing. Previous board positions include 7 years as a trustee of Durrell Wildlife Conservation Trust and board director of UK Sustainable Investment Forum (UKSIF). Katie is currently an independent member of the Access Endowment Investment Committee; trustee of Durrell Wildlife Conservation Trust UK; and on the Advisory Board of Livestock, Environment and People (LEAP).

COLIN MORGAN
Non-Executive Director

Colin is a Chartered Engineer who has worked in the renewable energy industry since 1987 primarily on the development, construction and operation of projects. He also works as a consulting engineer in Everoze, a technical and commercial clean energy consultancy of approximately 40 staff which he co-founded. Previously, he grew and ultimately led one of the global regions for DNV GL – at the time the world's leading renewable energy consultancy – including having overall profit and loss responsibility for a team of 400 staff. He is a graduate of Imperial College London, a qualification supplemented throughout his career by ongoing technical training as well as training in contract management, leadership and governance. Colin's technical specialisms include: wind turbine design and analysis, research into wind farm wake effects, wind and energy resource assessment, strategic analysis, and technical due diligence of projects.

CHARLES MIDDLETON
Non-Executive Director

Charles has spent most of his career in banking, initially at Barclays where he worked in the UK and overseas in India, Botswana and the Caribbean. More recently he was Managing Director of Triodos Bank in the UK for 14 years developing his interest in supporting environmental and social projects. During this time he was actively involved in the development of Triodos Renewables up until the moment it became Thrive Renewables. He is a board member of a microfinance bank in India and a UK based Impact Capital advisory business. He is also the Chair of ChildHope an organisation that works with street children across the world and is a Trustee of Freedom From Torture.

KATRINA CROSS
Finance Director and Company Secretary

Katrina joined Triodos Bank in 2012 as Head of Finance and Operations for Investment Management UK which provided the financial and administrative support functions to Triodos Renewables and investment funds managed by the bank in the UK. In 2015 Katrina left Triodos to set up her own business but continues to provide Finance Director Services to Thrive Renewables and was appointed as Director in November 2016. Katrina is a qualified accountant, trained with a general practice and Coopers & Lybrand tax division and spent seven years with Watts Gregory as head of audit with a wide range of clients including charities, SMEs and large private companies. Prior to joining Thrive Renewables, Katrina spent seven years as a Finance Director of an environmental company that remediated contaminated land. During this time Katrina steered the company to profitable sustained growth which resulted in the company being purchased by a Canadian public company looking to expand in the UK. Working for Thrive Renewables enables Katrina to work towards providing robust financial returns to investors whilst delivering strong social and environmental benefit.

EXECUTIVE MANAGEMENT TEAM

MATTHEW CLAYTON
Managing Director

See previous in the Board section

KATRINA CROSS
Finance Director and Company Secretary

See previous in the Board section

MONIKA PAPLACZYK
Senior Investment Manager

Monika is employed by Thrive Renewables Plc and has been part of the Thrive Renewables team since 2007 (previously under the management agreement with Triodos Bank).
In her role as Senior Investment Manager, Monika leads the originating, development, acquisition and construction of sustainable energy assets for Thrive Renewables. Monika also manages the commercial aspects of the portfolio, such as sourcing and negotiating power purchase arrangements. Before joining Triodos Bank Monika worked in Edinburgh for a consulting company where she was involved in preparing business plans and grant applications for community development, biomass and grain storage projects.

ADRIAN WARMAN
Operations Manager

Adrian joined Thrive Renewables (formerly Triodos Renewables) in 2012 as Operations Manager in response to the growing portfolio of generating sites around the country. The role of Operations Manager is to ensure contracts are in place and fulfilled to maintain our operating assets in line with legislation and industry standards, allowing them to run most efficiently and productively over time. Adrian has a degree in Geography, Certificate in Management Studies and applied experience of contractor management, health and safety, systems development, resource management and logistics. Prior to joining Thrive Renewables Adrian spent seven years at a senior level in the energy efficiency sector with a leading carbon reduction company focused on identifying and implementing appropriate energy-saving measures in the built environment.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", 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 group and company and of the profit or loss of the group and 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 United Kingdom Accounting Standards, comprising FRS101, 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 are 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.

AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board

Katrina Cross
Secretary

Date: 22nd May 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THRIVE RENEWABLES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- Thrive Renewables Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2017; the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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

- 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 50, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Colin Bates (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Bristol

Date: 22nd May 2018

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 £	2016 £
Revenue	5	15,609,821	13,541,316
Cost of sales		(8,775,494)	(7,960,883)
GROSS PROFIT		6,834,327	5,580,433
Other operating income	6	372,187	-
Administrative expenses		(2,810,962)	(2,839,604)
OPERATING PROFIT		4,395,552	2,740,829
Share of associated company operating profit	7	299,358	115,668
Interest receivable and similar income	9	1,190,508	317,628
Interest payable and similar charges	9	(3,770,851)	(3,461,374)
Movement in fair value of derivative financial instruments		551,158	(603,305)
PROFIT/(LOSS) BEFORE INCOME TAX	10	2,665,725	(890,554)
Income tax	11	(628,624)	463,772
PROFIT/(LOSS) FOR THE YEAR		2,037,101	(426,782)
Profit/(loss) attributable to:			
Owners of the parent		1,886,249	(395,493)
Non-controlling interests	22	150,852	(31,289)
		2,037,101	(426,782)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
PROFIT/(LOSS) FOR THE YEAR	2,037,101	(426,782)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR	2,037,101	(426,782)
Total comprehensive income/(expense) attributable to:		
Owners of the parent	1,886,249	(395,493)
Non-controlling interests	150,852	(31,289)
	2,037,101	(426,782)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTE	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	14	3,534,747	3,534,747
Other intangible assets	15	14,573,911	15,902,547
Tangible assets	16	55,865,665	59,854,422
Investments - associates and joint ventures	17	2,378,642	2,079,285
Loan receivables	18	15,238,014	3,909,778
Derivative financial instruments	19	60,139	99,953
Deferred tax asset	29	104,098	105,872
		91,755,216	85,486,604
CURRENT ASSETS			
Trade and other receivables	20	5,808,013	7,031,049
Cash and cash equivalents	21	11,563,227	18,566,181
		17,371,240	25,597,230
		109,126,456	111,083,834
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	23	11,024,035	11,001,207
Share premium	24	23,744,407	23,659,472
Capital redemption reserve	24	14,210	14,210
Retained earnings	24	385,487	(620,673)
Equity attributable to owners of the parent		35,168,139	34,054,216
Non-controlling interests	22	1,452,241	1,370,713
TOTAL EQUITY		36,620,380	35,424,929

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AT 31 DECEMBER 2017

	NOTE	2017 £	2016 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Derivative financial instruments	19	1,645,126	2,236,098
Borrowings	26	50,116,490	59,449,440
Deferred tax liabilities	29	5,934,924	5,797,658
		57,696,540	67,483,196
CURRENT LIABILITIES			
Trade and other payables	25	3,070,505	4,261,456
Borrowings	26	11,249,438	3,914,253
Current tax liabilities		489,593	-
		14,809,536	8,175,709
TOTAL LIABILITIES		72,506,076	75,658,905
TOTAL EQUITY AND LIABILITIES		109,126,456	111,083,834

The financial statements of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 22nd May 2018.

Matthew Clayton
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTE	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	16	13,919	19,876
Investments - associates and joint ventures	17	19,680,052	19,680,052
Loan receivables	18	13,760,457	3,909,778
Deferred tax asset	29	10,829	692
Trade and other receivables	20	21,886,436	21,779,504
		55,351,693	45,389,902
CURRENT ASSETS			
Trade and other receivables	20	2,151,590	3,779,250
Cash and cash equivalents	21	3,165,838	8,855,129
		5,317,428	12,634,379
		60,669,121	58,024,281
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	23	11,024,035	11,001,207
Share premium	24	23,744,407	23,659,472
Capital redemption reserve	24	14,210	14,210
Retained earnings		6,384,385	2,700,831
TOTAL EQUITY		41,167,037	37,375,720

COMPANY STATEMENT OF FINANCIAL POSITION - CONTINUED

AT 31 DECEMBER 2017

	NOTE	2017 £	2016 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	25	-	-
Borrowings	26	9,689,731	9,849,534
		9,689,731	9,849,534
CURRENT LIABILITIES			
Trade and other payables	25	7,685,009	10,679,973
Borrowings	26	2,127,344	119,054
		9,812,353	10,799,027
TOTAL LIABILITIES		19,502,084	20,648,561
TOTAL EQUITY AND LIABILITIES		60,669,121	58,024,281

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,563,643 (2016 – loss of £12,170).

The financial statements of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 22nd May 2018.

Matthew Clayton
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Balance at 1 January 2016	10,770,830	653,798	22,855,797	14,210	34,294,635	1,396,850	35,691,485
Changes in equity							
Shares issued (net of issue and redemption costs)	230,377	-	803,675	-	1,034,052	-	1,034,052
Dividends	-	(878,978)	-	-	(878,978)	5,152	(873,826)
Total comprehensive income/ (expense) for the financial year	-	(395,493)	-	-	(395,493)	(31,289)	(426,782)
Balance at 31 December 2016	11,001,207	(620,673)	23,659,472	14,210	34,054,216	1,370,713	35,424,929
Changes in equity							
Shares issued (net of issue costs and redemption costs)	22,828	-	84,935	-	107,763	-	107,763
Dividends	-	(880,089)	-	-	(880,089)	(69,324)	(949,413)
Total comprehensive income/(expense) for the financial year	-	1,886,249	-	-	1,886,249	150,852	2,037,101
Balance at 31 December 2017	11,024,035	385,487	23,744,407	14,210	35,168,139	1,452,241	36,620,380

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

FOR THE YEAR ENDED 31 DECEMBER 2017

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL EQUITY £
Balance at 1 January 2016	10,770,830	3,591,979	22,855,797	14,210	37,232,816
Changes in equity					
Shares issued (net of issue costs and redemption costs)	230,377	-	803,675	-	1,034,052
Dividends	-	(878,978)	-	-	(878,978)
Total comprehensive income/(expenses) for the financial year	-	(12,170)	-	-	(12,170)
Balance at 31 December 2016	11,001,207	2,700,831	23,659,472	14,210	37,375,720
Changes in equity					
Shares issued (net of issue costs and redemption costs)	22,828	-	84,935	-	107,763
Dividends	-	(880,089)	-	-	(880,089)
Total comprehensive income/(expense) for the financial year	-	4,563,643	-	-	4,563,643
Balance at 31 December 2017	11,024,035	6,384,385	23,744,407	14,210	41,167,037

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 £	2016 £
Cash flows from operating activities			
Net cash generated from operating activities	33	6,209,274	4,769,298
Cash flows from investing activities			
Interest received		1,190,508	317,628
Purchase of tangible fixed assets		(235,085)	(498,542)
Acquisitions		-	(519,193)
Loans advanced		(11,328,236)	(1,174,215)
Net cash used in investing activities		(10,372,813)	(1,874,322)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		107,763	1,045,918
Share issue costs		-	(11,866)
Proceeds from borrowings		2,240,000	10,722,191
Repayment of borrowings		(4,237,765)	(3,440,329)
Dividends paid to owners of the parent		(880,089)	(878,978)
Dividends received		-	23,656
Dividends paid to non-controlling interests		(69,324)	(18,507)
Net cash (used in)/generated from financing activities		(2,839,415)	7,442,085
Net (Decrease)/Increase in cash and cash equivalents		(7,002,954)	10,337,061
Cash and cash equivalents at beginning of year	21	18,566,181	8,229,120
Cash and cash equivalents at end of year	21	11,563,227	18,566,181

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Thrive renewables Plc is a public Company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 11 to 39.

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

2. ADOPTION OF NEW AND REVISED STANDARDS

New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017, have had a material impact on the group or parent company.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group or parent company, except the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income, not recycling. An expected credit losses model replaces the incurred loss impairment model used in IAS 39.

For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is working towards the implementation of IFRS 9 on 1 January 2018.

It anticipates that the classification and measurement basis for its financial assets and liabilities will be largely unchanged by adoption of IFRS 9, and expects to take the accounting policy choice to continue to account for all hedges under IAS39. The main impact of adopting IFRS 9 is likely to arise from the implementation of the expected loss model. Any impact at 1 January 2018 is to decrease retained earnings but this is not expected to be material. No material impact on profit for future periods is expected.

<u>IFRS 15 'Revenue from contracts with customers'</u>
IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved.

The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018, and earlier application is permitted.

The Group is working towards the implementation of IFRS 15 on 1 January 2018 and has carried out a review of existing contractual arrangements as part of this process. The directors anticipate there will be no material impact for any of the Group's revenue recognition.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The group consolidated financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and with EU adopted IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The separate financial statements of the Company are presented as required by the Companies Act 2006. These financial statements we prepared on a going concern basis, in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect to certain assets, presentation of a cash flow statement, standards issued but not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts of Thrive Renewables plc.

The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost basis except for financial instruments held at fair value through profit and loss as disclosed. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS36 Impairment.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests have a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Going Concern

The 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 Strategic Report.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination include an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is re-measured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out in the policy 'Business Combinations'.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

The group's policy for goodwill arising on the acquisition of an associate is described below.

Associates and joint ventures

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement over which the group has joint control and the right to the net assets of the entity.

The results, assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. When the Group's share of losses of an associate or joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount; any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group financial statements for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity as profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had been previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

Revenue recognition

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 and associated benefits 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.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit
Operating profit is stated as profit from operations, but before investment income and finance costs.

Retirement benefit costs
Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Pension costs
The Group 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.

Taxation
Current tax, including corporation 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight-line basis, as follows:

Leasehold property	over 25 years
Plant and machinery	over 20 years
Fixture and fittings	over 5 years
IT equipment	over 4 years

Assets under construction are not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Intangible fixed assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of amortisation are as follows:

Power purchase agreements	5% per annum

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets are acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The rates of amortisation are as follows:

Development rights	5% per annum

Internally generated intangible assets - development expenditure

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. The rate of amortisation is as follows:

Development costs	5% per annum

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise that are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an identifiable useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into financial assets 'at fair value through profit and loss' ('FVTPL'), 'held-to-maturity' investments, available-for-sale financial assets, or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item in the profit and loss account.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments
The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date.

The resulting gain or loss is recognised in profit or loss immediately. The group does not enter into any hedge accounting for effective hedge relationships.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised within 12 months. Other derivatives are presented as current assets or liabilities.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit over its estimated operational life and a pre-tax discount rate of 10% is used in order to calculate present value. Forecast wind volumes are based on wind studies carried out at the commencement of each project, adjusted for experience as necessary. Electricity prices are determined with reference to externally sourced forward price curves, on contracted rates as appropriate. Forecasts cover the expected life of each project. The carrying amount of goodwill and intangibles at the balance sheet date was £3.5 million (2016 £3.5 million) and £14.6 million (2016 £15.9 million) respectively; there is no evidence of impairment.

Fair value measurements and valuation processes

Some of the group's assets and liabilities, namely the derivative financial instruments, are measured at fair value for financial reporting purposes. The Board of Directors determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages counterparties or third party qualified valuers to perform the valuation.

5. SEGMENTAL ANALYSIS

The Directors consider that there is only one class of business provided within the UK and hence segmental information is not provided. The total turnover of the group for the financial year has been derived from its principal activity, being the supply of energy from renewable sources.

6. OTHER OPERATING INCOME

	2017 £	2016 £
Sundry receipts	372,187	-

OTHER OPERATING INCOME IS AS FOLLOWS:	2017 £	2016 £
Thrive Renewables (Ness point) Limited	210,000	-
Thrive Renewables (Caton Moor) Limited	162,187	-
	372,187	-

Other operating income for Thrive Renewables (Ness Point) Limited relates to a claim for business interruption insurance for lost availability and for Thrive Renewables (Caton Moor) Limited, a lost availability warranty held with the turbine manufacturer.

7. SHARE OF ASSOCIATED COMPANY OPERATING PROFIT

	2017 £	2016 £
Share of associates operating profit		
Fenpower Limited	208,161	115,668
Green Breeze Energy (Holdings) Limited	91,197	-
	299,358	115,668

All results from the Group's associates arose from continuing operations.

Further details of investments in associates and joint ventures are provided in note 17.

8. EMPLOYEES AND DIRECTORS

GROUP AND COMPANY	2017 £	2016 £
The remuneration of Directors was as follows:		
Directors' emoluments	224,995	131,770

No pension contributions were paid on behalf of the non-executive Directors in either year. Pension contributions for executive directors were £8,900 (2016 £6,979).

The highest paid director remuneration was £89,003 (2016 £69,792). In the year £92,566 of directors remuneration was paid to third party companies of which those directors are employed (2016 - £30,209).

Prior to March 2016 the executive was provided under the Management Services Agreement with Triodos Bank NV. In November 2016 Katrina Cross was appointed to the Board taking the number of executive directors from 1 to 2. In July 2016 Charles Middleton was appointed to the Board making a total of 6 non-executive directors. For 2017 all 8 directors have been in post for the whole year.

EMPLOYEE COSTS (INCLUDING DIRECTORS) WERE AS FOLLOWS:	2017 £	2016 £
Wages and salaries	404,410	315,214
Social security costs	36,926	29,729
Other pension costs	34,101	20,652
Total cost	475,437	365,595

During 2017 the average number of employees was 8 (2016: 7). Prior to March 2016 all but one of the employees were provided under the Management Services Agreement with Triodos Bank NV.

The Directors of the Company are considered the only key management personnel.

9. FINANCE COSTS

	2017 £	2016 £
Interest receivable and similar income:		
Interest receivable	1,190,508	317,628
Interest payable and similar expense:		
Bank loans	2,610,560	2,943,495
Other loans	1,160,291	517,879
	3,770,851	3,461,374

10. PROFIT/(LOSS) BEFORE INCOME TAX

THE PROFIT BEFORE INCOME TAX (2016 - LOSS BEFORE INCOME TAX) IS STATED AFTER CHARGING:	2017 £	2016 £
Operating leases	551,279	531,736
Depreciation - owned assets	4,219,614	4,214,388
Development costs amortisation	1,318,865	1,298,524
Purchase Power Agreement amortisation	13,999	13,999
Auditor's remuneration:		
- audit of the parent company accounts	20,620	20,000
- audit of subsidiary accounts	52,169	50,000
- tax and other services	42,834	44,000
Loss on disposal of fixed assets	-	76,233
Earn out payments to project developers	442,925	-
Foreign exchange differences	24,654	28,709

11. INCOME TAX

ANALYSIS OF TAX EXPENSE/(INCOME)	2017 £	2016 £
Current tax:		
Current tax on income for the year at 19.25% (2016: 20%)	489, 593	-
Adjustment in respect of previous years	(10)	6
Deferred taxation:		
Origination and reversal of timing differences	190,169	(63,137)
Adjustments in respect of previous years	(4,475)	(142,332)
Effect of decreased tax rate	(46,653)	(258,309)
Total tax expense/(income) in consolidated income statement	628,624	(463,772)

Factors affecting the tax expense

The tax assessed for the year is higher (2016 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit/(loss) before income tax	2,665,725	(890,554)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	513,152	(178,111)
Effects of:		
Expenses not deductible for tax purposes	161,458	92,888
Adjustment in respect of previous years	4,079	(142,311)
Effect of future reduction in tax rate	(46,653)	(237,713)
Deferred tax not recognised	-	1,739
Effect of losses / group relief / other reliefs	(3,412)	(264)
Tax expense/(income)	628,624	(463,772)

The standard rate of corporation tax for the accounting year is 19.25% (2016: 20%), being a mix of 20% up to 31 March 2016 and 19% from 1 April 2016.

12. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,563,643 (2016 – loss of £12,170). The profit for 2017 included £5,200,676 (2016: £910,810) of dividends received from subsidiary companies.

13. DIVIDENDS

	2017 £	2016 £
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2017 of 4p (2016: 4p) per share	880,089	878,978

14. GOODWILL

COST	£
Opening balance at 1 January 2016	3,534,747
Additions	-
Balance at 31 December 2016	3,534,747
Additions	-
Balance at 31 December 2017	3,534,747
Accumulated impairment losses	
At 31 December 2016 and 31 December 2015	-
Net book value	
At 31 December 2017	3,534,747
At 31 December 2016	3,534,747

Further details with regards to the carrying value of Goodwill is given in note 4.

15. OTHER INTANGIBLE ASSETS

GROUP	DEVELOPMENT COSTS	PURCHASE POWER AGREEMENT	TOTALS
	£	£	£
COST			
At 1 January 2016	25,196,520	279,975	25,476,495
Additions	543,100	-	543,100
At 1 January 2017	25,739,620	279,975	26,019,595
Additions	4,228	-	4,228
At 31 December 2017	25,743,848	279,975	26,023,823
ACCUMULATED AMORTISATION			
At 1 January 2016	8,643,671	160,854	8,804,525
Amortisation for year	1,298,525	13,998	1,312,523
At 1 January 2017	9,942,196	174,852	10,117,048
Amortisation for year	1,318,865	13,999	1,332,864
At 31 December 2017	11,261,061	188,851	11,449,912
NET BOOK VALUE			
At 31 December 2017	14,482,787	91,124	14,573,911
At 31 December 2016	15,797,424	105,123	15,902,547

16. TANGIBLE FIXED ASSETS

GROUP	LAND AND BUILDINGS £	PLANT AND MACHINERY £	FIXTURES AND FITTINGS £	TOTALS £
COST				
At 1 January 2016	325,000	82,625,985	-	82,950,985
Additions	-	458,829	15,805	474,634
Disposals	-	(175,000)	-	(175,000)
At 1 January 2017	325,000	82,909,814	15,805	83,250,619
Additions	-	230,857	-	230,857
At 31 December 2017	325,000	83,140,671	15,805	83,481,476
ACCUMULATED AMORTISATION				
At 1 January 2016	242,167	19,038,409	-	19,280,576
Amortisation for year	15,500	4,194,937	3,951	4,214,388
Depreciation on disposals	-	(98,767)	-	(98,767)
At 1 January 2017	257,667	23,134,579	3,951	23,396,197
Charge for year	15,500	4,200,163	3,951	4,219,614
At 31 December 2017	273,167	27,334,742	7,902	27,615,811
NET BOOK VALUE				
At 31 December 2017	51,833	55,805,929	7,903	55,865,665
At 31 December 2016	67,333	59,775,235	11,854	59,854,422

Cumulative finance costs of £1,624,707 (2016: £1,624,707) have been included in the cost of tangible fixed assets.

COMPANY	PLANT AND MACHINERY	FIXTURES AND FITTINGS	TOTALS
	£	£	£
COST			
At 1 January 2016	-	-	-
Additions	10,027	15,805	25,832
At 1 January 2017 and 31 December 2017	10,027	15,805	25,832
ACCUMULATED AMORTISATION			
At 1 January 2016	-	-	-
Amortisation for year	2,005	3,951	5,956
At 1 January 2017	2,005	3,951	5,956
Charge for year	2,006	3,951	5,957
At 31 December 2017	4,011	7,902	11,913
NET BOOK VALUE			
At 31 December 2017	6,016	7,903	13,919
At 31 December 2016	8,022	11,854	19,876

17. INVESTMENTS – ASSOCIATES AND JOINT VENTURES

GROUP	INVESTMENT IN JOINT VENTURES	INVESTMENT IN ASSOCIATE	GOODWILL	TOTALS
	£	£	£	£
CARRYING VALUE				
At 1 January 2016	-	784,153	1,203,119	1,987,272
Additions	1	-	-	1
Share of profit	-	92,012	-	92,012
At 1 January 2017	1	876,165	1,203,119	2,079,285
Share of profit	91,197	208,161	-	299,358
At 31 December 2017	91,198	1,084,326	1,203,119	2,378,643
NET BOOK VALUE				
At 31 December 2017	91,198	1,084,326	1,203,119	2,378,643
At 31 December 2016	1	876,165	1,203,119	2,079,285

Results for the year ended 31 December 2017 - Fenpower Limited and Green Breeze Energy (Holdings) Limited

FENPOWER LIMITED	2017 £	2016 £
Current assets	1,701,684	1,270,077
Non-current assets	6,201,400	6,645,388
Current liabilities	(884,749)	(1,531,553)
Non-current liabilities	(1,962,756)	(2,101,990)
Deferred tax	(767,872)	(806,166)
Net assets	4,287,707	3,475,756
Revenue	1,547,680	1,124,907
Profit or loss from continuing operations	833,048	149,068

There are no other items of comprehensive income.

GREEN BREEZE ENERGY (HOLDINGS) LIMITED	2017 £	2016 £
Current assets	2,156,014	321,969
Non-current assets	12,958,695	4,308,331
Current liabilities	(2,884,234)	(863,108)
Non-current liabilities	(12,166,703)	(3,746,525)
Deferred tax	(33,471)	-
Net assets	30,301	(4,420)
Revenue	699,404	-
Profit/(loss) from continuing operations	34,721	(4,672)

The information above represents the consolidated amounts presented in the financial statements of the associate and joint venture (and not the group's share of these amounts), adjusted for differences in accounting policies between the group and the associate and joint venture.

There are no contingent liabilities relating to the group's interest in the associate and joint venture.

There are no items of other comprehensive income.

COMPANY Investment in subsidiary undertakings and other investments at cost:	£
Carrying Value	
At 1 January 2016	19,160,857
Additions	519,195
At 1 January 2017	19,680,052
Additions	-
At 31 December 2017	19,680,052
Net Book Value	
At 31 December 2017	19,680,052
At 31 December 2016	19,680,052

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 34 to the Company financial statements.

18. LOAN RECEIVABLES

GROUP	2017 £	2016 £
Loans to third party wind farm developers	2,564,389	2,735,563
Loans to joint venture company (to fund capital expenditure)	2,445,192	1,141,722
Loan to joint venture company (to fund acquisition)	32,493	32,493
Mezzanine loans provided to third parties	10,195,940	-
	15,238,014	3,909,778

COMPANY	2017 £	2016 £
Loans to third party wind farm developers	2,564,389	2,735,563
Loans to joint venture company (to fund capital expenditure)	2,445,192	1,141,722
Loan to joint venture company (to fund acquisition)	32,493	32,493
Mezzanine loans provided to third parties	8,718,383	-
	13,760,457	3,909,778

In November 2015, the Company agreed a £2.7m mezzanine finance facility with Renewable Energy Ventures (Gevens) Limited (REVG). REVG has successfully secured all the required rights and permits to build a 6.9MW wind farm in Fife, Scotland. Thrive Renewables has provided the capital to plug the funding gap. The project reached financial close in December of 2015, was constructed over summer 2016 and the operational phase commenced on 30 September 2016. Since operations commenced there as been an interest and capital repayment leaving a loan balance of £2,564,389, there is no interest accrued at the year end.

In July 2016, the Company entered into a joint venture with Green Power (Drumduff) Ltd to purchase Green Breeze Energy Limited (GBEL). GBEL has successfully secured all the required rights and permits to build a 6MW wind farm in Scotland. Thrive Renewables has purchased a 50% interest in the parent company, Green Breeze Energy (Holdings) Limited but has also provided capital in the form of loans to fund capital expenditure. The project reached financial close in January 2017 and became operational in July 2017. At the year end there is also £271,225 of interest accrued.

During the year, Thrive Renewables Group has made mezzanine loans of £12.900,000. At the year end the balance of these loans is £10,195,940 plus interest accrued of £556,808.

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 34 to the Company financial statements.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	60,139	99,953
Financial liabilities carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	(1,645,126)	(2,236,098)

Further details of derivative financial contracts are provided in note 28.

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Current:				
Trade debtors	1,042,854	292,651	105,842	-
Group relief debtor	-	-	995,577	844,652
Taxation and social security	-	-	44,194	41,637
Prepayments and accrued income	4,765,159	6,738,398	1,005,977	2,892,961
	5,808,013	7,031,049	2,151,590	3,779,250
Non current:				
Amounts owed by group undertakings	-	-	21,886,436	21,779,504

Trade Debtors

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period taken on sales of goods is 30 days. No interest is charged on the debtors for the first 30 days from the date of the invoice. Thereafter, interest is charged at 8% on the outstanding balance. The group has not recognised an allowance for doubtful debts as no debts are past 120 days due and historical experience has been that debtors that are past due beyond 120 days are not recoverable. Allowances against doubtful debts are recognised against trade receivables between 30 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The group have no trade debtors which are past due date at the reporting date and therefore the Group has not made any allowance for doubtful debtors. There has not been a significant change in credit quality and all amounts are still considered recoverable. The average age of these debtors is 20 days (2016: 20 days).

In determining the recoverability of a trade receivable the Group considers and change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The Directors consider that the carrying amount of trade and other debtors is approximately equal to their fair value.

21. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Bank accounts	11,563,227	18,566,181	3,165,835	8,855,129

22. NON-CONTROLLING INTERESTS

	2017	2016
	£	£
At 1 January	1,370,713	1,396,850
Minority share of profit/(loss) on ordinary activities after taxation	150,852	(31,289)
Minority share of dividends paid	(69,324)	5,152
At 31 December	1,452,241	1,370,713

23. CALLED UP SHARE CAPITAL

	2017 NO.	2017 £	2016 NO.	2016 £
Allotted, issued and fully paid				
Ordinary shares of £0.50 each	22,048,070	11,024,035	22,002,413	11,001,207
'A' ordinary shares of £2 each	-	-	-	-
	22,048,070	11,024,035	22,002,413	11,001,207

The Company now offers a SCRIP scheme whereby shareholders can receive new shares instead of cash dividends. The Company issued 48,656 new 50p shares at a premium of £1.85 per share under this scheme in July 2017.

24. RESERVES

GROUP	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTALS £
At 1 January 2017	(620,673)	23,659,472	14,210	23,053,009
Profit for the year	1,886,249	-	-	1,886,249
Dividends	(880,089)	-	-	(880,089)
Share issue (net of issue costs)	-	84,935	-	84,935
At 31 December 2017	385,487	23,744,407	14,210	24,144,104

25. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Current:				
Trade creditors	330,169	418,533	147,796	228,640
Amounts owed to group undertakings	-	-	6,857,547	9,864,047
Social security and other taxes	332,920	251,717	-	-
Other creditors	14,984	23,866	14,984	14,984
Dividends payable	6,998	6,998	6,998	6,998
Accruals and deferred income	2,385,434	3,560,342	657,684	565,304
	3,070,505	4,261,456	7,685,009	10,679,973

The amounts owed to group undertakings are unsecured and interest free and repayable on demand.

Pension contributions owing at the year-end amounted to £3,464 (2016: £2,762).

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade creditors for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all creditors are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade creditors approximates to their fair value.

26. BORROWINGS

GROUP	2017	2016
	£	£
Bank loans and overdrafts		
Amounts payable		
- due within one year	4,249,438	3,914,253
- due within one to two years	4,553,683	4,249,438
- due within two to five years	26,158,150	20,575,957
- due after five years	6,765,150	16,901,854
	41,726,421	45,641,502

GROUP	2017	2016
	£	£
Other loans		
Amounts payable		
- due within one year	7,000,000	-
- due within one to two years	-	-
- due within two to five years	3,000,000	10,000,000
- due after five years	9,962,191	7,722,191
Amortisation of issue costs	(322,681)	-
	19,639,510	17,722,191
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	11,249,438	3,914,253
- due within one to two years	4,553,683	4,249,438
- due within two to five years	29,158,150	30,575,957
- due after five years	16,727,341	24,624,045
Amortisation of issue costs	(322,681)	-
	61,365,931	63,363,693

COMPANY	2017	2016
	£	£
Bank loans and overdrafts		
Amounts payable		
- due within one year	127,344	119,054
- due within one to two years	-	127,343
	127,344	246,397
Other loans		
Amounts payable		
- due within one year	2,000,000	-
- due after more than one year	-	2,000,000
- due after five years	9,962,191	7,722,191
Amortisation of issue costs	(272,461)	-
	11,689,730	9,722,191

COMPANY	2017	2016
	£	£
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	2,127,344	119,054
- due within one to two years	-	2,127,344
- due within two to five years	-	-
- due after five years	9,962,191	7,722,191
Amortisation of issue costs	(272,461)	-
	11,817,074	9,968,589

Group bank loan arrangement fees of £763,350 are amortised over seven years, being the term of the associated loan. As at 31 December 2017 there are bank fees of £393,793 (2016: £497,121) offset against Group bank loans.

At 31 December 2017, Group bank loans total £41,726,421 (2016: £45,641,502).

Amounts totalling £128,295 (2016: £378,257) held with Triodos Bank bear interest at a variable rate, currently 3.50%.

Amounts totalling £18,744,937 (2016: £21,541,435) held with Triodos bank bear interest at a weighted average fixed rate of 5.80% (2016: 5.81%). Of this amount, £6,765,150 (2016: £8,221.857) is repayable after five years. This amount bears interest at a weighted average fixed rate of 5.69% (2016: 5.65%).

Amounts totalling £22,981,484 (2016: £24,100,067) held with Santander Bank bear interest at a weighted average fixed rate of 6.17% of this amount £Nil is due after 5 years (2016: £8,679,000). The fixed rate of interest is achieved by the purchase of financial instruments (interest rate swaps) which are now shown as a liability on the balance sheet of the Group. The liabilities recognised at the year-end on interest rate swaps amount to £1,645,126 (2016: £2,236,098). The recognition of this liability is in effect the advance charge of interest over the life of the swaps (seven-year terms) and would therefore reduce the interest charged in each year on these loans to 3.25% (the bank interest rate).

Bank loans are secured by first fixed and floating charges on the fixed assets of the subsidiary companies. The maximum term of any loan currently outstanding expires in 2028.

Other loans represent mezzanine loan finance which bears interest at a variable rate of 7.5% to 3 August 2016 and 7.25% from 4 August 2016 and 7.5% from 2 November 2017. In addition, the Group raised 2 bonds during 2016 of £3m from Thrive Renewables (Buchan) Limited for 5 years at 5.5% interest and £7,722,191 in Thrive Renewables Plc for 7 years at 5% interest. A further amount of £2,240,000 at 5% interest was raised in March 2017.

The Group's gearing ratio (calculated as debt/debt plus net assets) is 63% (2016: 64%).

Following the year end some loans were renegotiated as set out in note 32 ' Post Balance Sheet Events'.

27. LEASE AGREEMENTS

Minimum lease payments fall due as follows:

	NON-CANCELLABLE OPERATING LEASES	
GROUP	2017	2016
	£	£
Within one year	299,722	292,134
Between one and five years	1,116,418	1,120,343
In more than five years	3,688,330	3,870,650
	5,104,470	5,283,127

The amounts above represent the minimum future lease payments. There may be additional amounts payable based on revenue but these amounts are contingent on future performance.

The company has no operating leases arrangements.

28. FINANCIAL INSTRUMENTS

Capital risk management
The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2016.

The capital structure of the group consists of net debt (borrowings disclosed in note 26 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in notes 22 to 24). The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 120% to 140% determined as the proportion of net debt to fixed equity. The gearing ratio at 31 December 2017 of 138% (2016: 126%) was within the target range.

Net debt to equity ratio

The net debt to equity ratio at the year-end is as follows

	2017 £	2016 £
Debt	61,365,928	63,363,693
Cash and cash equivalents	(11,563,227)	(18,566,181)
Net debt	49,802,701	44,797,512
Equity	36,620,380	35,424,929
Net debt to equity ratio	136%	126%

Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 26. Equity includes all capital and reserves of the group that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

CATEGORIES OF FINANCIAL INSTRUMENTS	2017 £	2016 £
Financial assets:		
Cash and bank balances	11,563,227	18,566,181
Fair value through profit and loss (FVTPL) – Inflation swap	60,139	99,953
Amortised cost:		
Receivables	1,042,854	292,651
Loans	15,238,014	3,909,778
Financial liabilities:		
Fair value through profit and loss (FVTPL) – Interest rate swap	(1,645,126)	(2,236,098)
Amortised cost:		
Payables	685,071	701,114
Borrowings	(61,365,928)	(63,363,693)

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and inflation risk, including:

- interest rate swaps to mitigate the risk of rising interest rates; and
- inflation swaps to mitigate the risk of rising inflation.

Market risk exposures are measured using value-at-risk (VaR) analysis supplemented by sensitivity analysis. There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

All financial instruments are classified as level 2 per the fair value hierarchy.

29. DEFERRED TAX

GROUP	2017 £	2016 £
Balance at 1 January	5,691,786	6,155,564
Credit/(charge) to profit & loss account	139,040	(463,778)
Balance at 31 December	5,830,826	5,691,786

The amounts of deferred taxation provided in the financial statements are as follows:

	2017	2016
GROUP	£	£
Accelerated capital allowances	3,947,845	3.684,543
Tax losses carried forward	(287,991)	(281,266)
Deferred tax on derivatives	(269,448)	(363,145)
Short-term timing differences	(16,745)	(15,012)
Deferred tax on development costs	2,457,165	2,666,666
	5,830,826	5,691,786

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017	2016
	£	£
Deferred tax assets	104,098	105,872
Deferred tax liabilities	(5,934,924)	(5,797,658)
	(5,830,826)	(5,691,786)

The company has a deterred tax asset of £10,829 (2016 £692).

30. CONTINGENT LIABILITIES

By an agreement dated 24 July 2006, the Company agreed to acquire the entire issued share capital of Hainsford Group Limited (now Thrive 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, calculated on an annual basis. Any additional consideration payable is calculated in accordance with 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 buyout payment to the sellers as determined in accordance with the agreement. In 2017 the charge to profit and loss was £442,925 (2016 - £NIL).

HSBC Bank has issued a performance bond in the sum of £48,000 in relation to certain undertakings given by the Group Company Thrive 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.

31. RELATED PARTY DISCLOSURES

In 2017 the Company sought advice on the financial, technical and regulatory aspects of the emerging battery storage market. Everoze Partners limited was identified as a suitably qualified contractor and a research engagement was satisfactorily agreed and delivered at a cost of £5,400 (2016 - £NIL) excluding VAT. Colin Morgan is a Founding Partner of Everoze Partners limited.

During 2016 the Group raised new funds by way of bonds. The following is the Director's interest in those bonds.

	THRIVE RENEWABLES (BUCHAN)	THRIVE RENEWABLES PLC
Charles Middleton	-	£10,000
Simon Roberts	£3,000	£3,000
Peter Weston	£15,000	£15,240
Matthew Clayton	£3,000	-
Monika Paplaczyk*	£400	-

The Company operates a community benefit scheme which is managed by the centre for Sustainable Energy (CSE). The Chief Executive of CSE is Simon Roberts a Director of the Company. During the year management fees of £2,100 were paid to CSE (2016 - £4,700) and no amounts were outstanding at the year end.

32. POST BALANCE SHEET EVENTS NOTE

Mean Moor

In March 2018, Mean Moor Community Wind Farm Ltd has repaid £1,188,000 out of the loan facility. The original loan was set up in July 2017 and has envisaged a series of repayments from the proceeds of community fundraisings. To date Mean Moor Community Wind Farm has successfully delivered two of the planned fundraisings proceeds of which have been used to repay Thrive Renewables loans which was planned at the outset (£2,800,000 raised in November and December 2017; £1,188,000 raised in March 2018). The remaining loan facility is expected to be paid back over the period of 2018-2019.

Loan agreements

On 9 January 2018 Thrive Renewables plc agreed a 5 year extension to a £2m loan agreement. The amendment included a change of interest rate to 6% fixed for the duration of the facility. All other terms remain unchanged.

On 21 February 2018 Brunel Wind limited agreed a 5 year extension to a £5m loan agreement. The amendment included a change of interest rate to 6% fixed for the duration of the facility. All other terms remain unchanged.

33. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Operating profit	4,395,552	2,740,829
Depreciation and amortisation	5,552,478	5,526,908
Decrease in debtors	1,223,036	454,477
Decrease in creditors	(1,190,941)	(556,249)
Loss on disposal of fixed asset	-	76,233
	9,980,125	8,242,198
Interest paid	(3,770,851)	(3,461,374)
Taxation (paid)/received	-	(11,526)
Net cash inflow from operating activities	6,209,274	4,769,298

34. SUBSIDIARY UNDERTAKINGS

Details of the subsidiaries and other investments are as follows:

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Caton Moor) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Ness Point) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Sigurd) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Severn) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Beochlich) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Haverigg II) Limited	Ordinary	100%	England	Energy supply
Brunel Wind Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (HGL) Limited	Ordinary	100%	England	Dormant
Thrive Renewables (HL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (HEL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (Wern Ddu) Limited	Ordinary	100%	England	Energy supply

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Kessingland) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Buchan) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Dunfermline) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Eye) Limited	Ordinary	100%	England	Energy supply
TR (Fenpower) Limited	Ordinary	50%	England	Holding company
Fenpower Limited*	Ordinary	25%	England	Energy supply
Thrive Renewables (Bristol) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Cambridge) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (March) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Auchtygills) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Clayfords) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Boardinghouse) Limited	Ordinary	100%	England	Holding company
Boardinghouse Windfarm Limited	Ordinary	75%	England	Energy supply
Green Breeze Energy (Holdings) Limited	Ordinary	50%	Scotland	Holding company
Green Breeze Energy Limited*	Ordinary	50%	Scotland	Energy company (in construction)

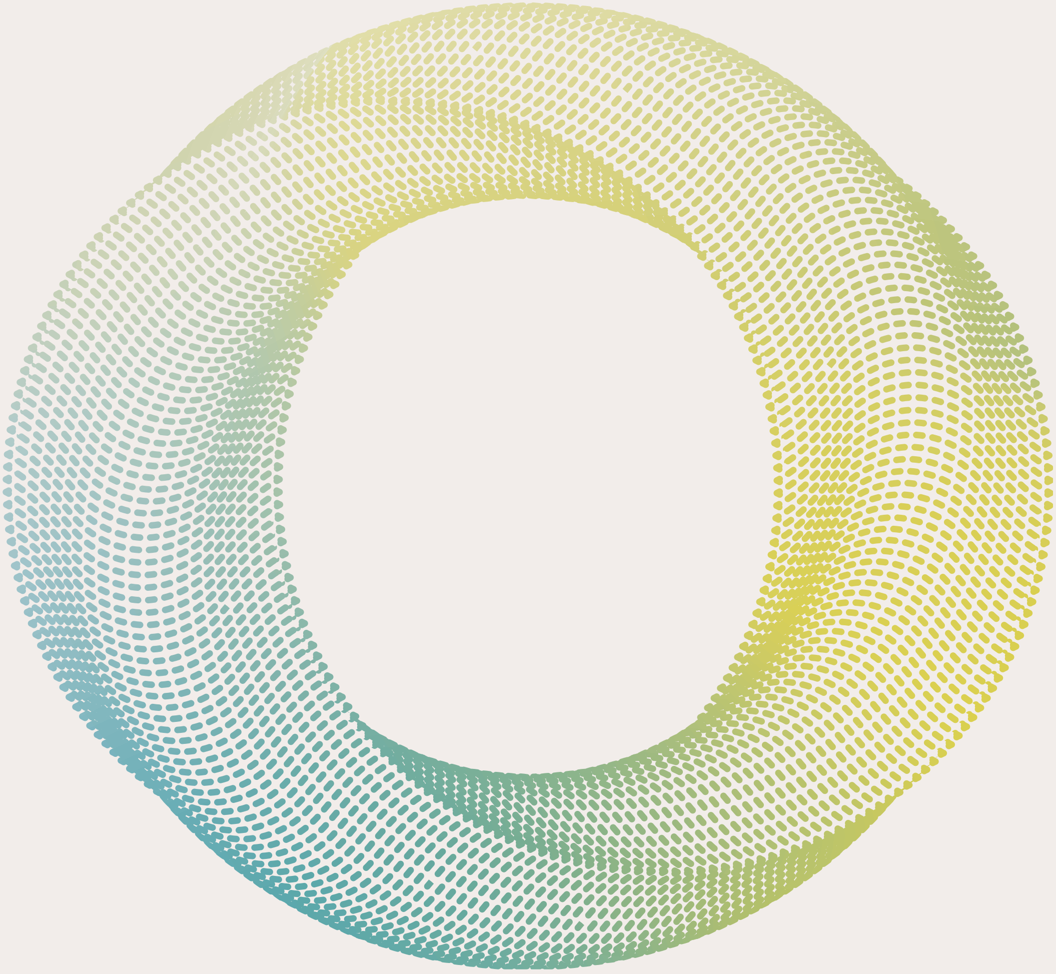
* ownership held indirectly

The registered office of all subsidiaries and associates is Deanery Road, Bristol, BS1 5AS apart from:-

Green Breeze Energy (Holdings) Limited and Green Breeze Energy Limited - E Centre, Cooperage Way, Alloa, Clackmannashire, Scotland, FK10 3LP.

Boardinghouse Windfarm - 14 High Cross, Truro, Cornwall, TR1 2AJ.

Fenpower Limited has 43 A shares, 127 B shares and 85 C shares all with £1 nominal value and all having equal voting and dividend rights. Thrive Renewables Plc owns 50% of TR (Fenpower) Ltd which in turn owns 127 B shares in Fenpower Ltd, which is equal to 50% of Fenpower Ltd.



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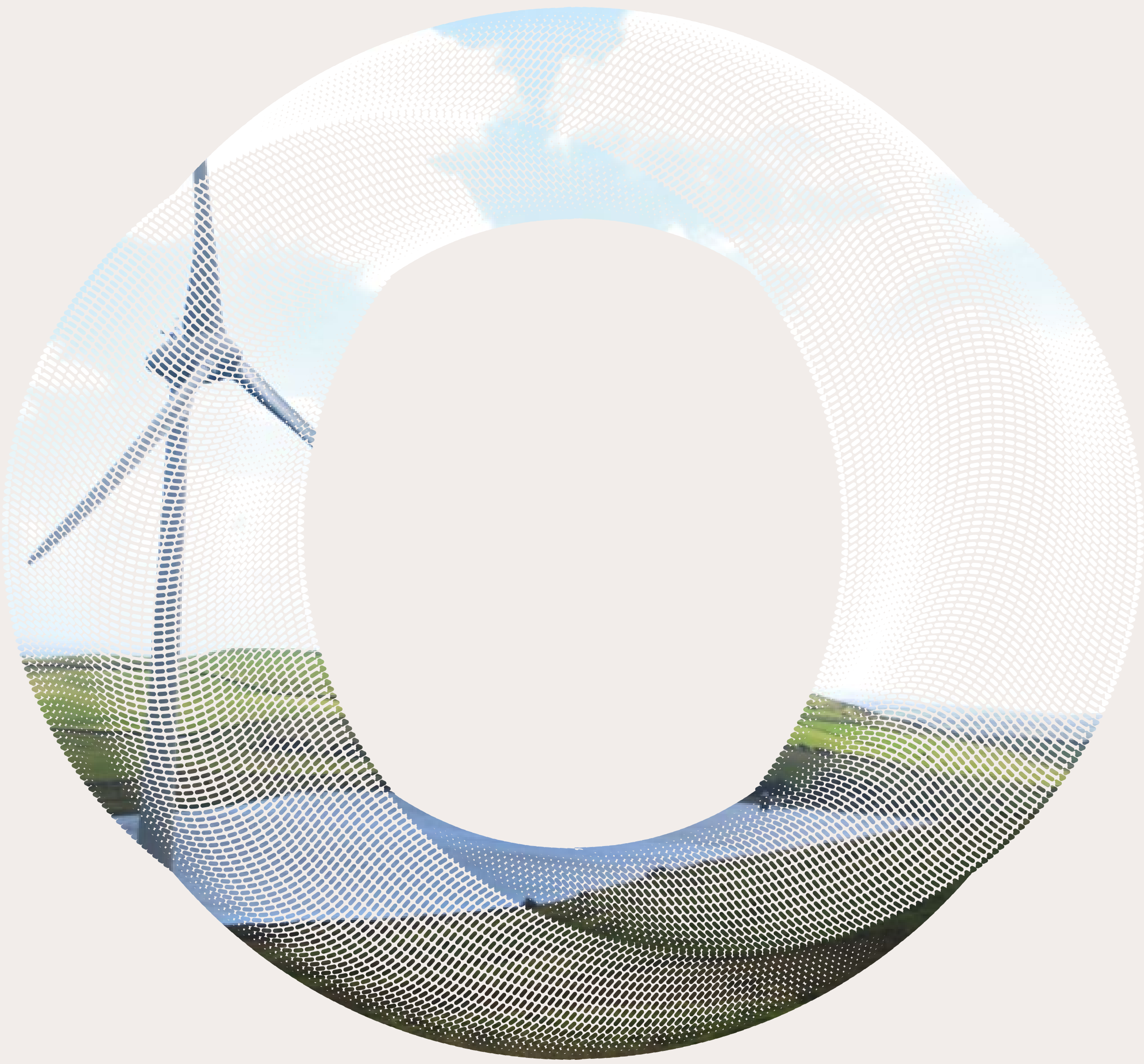

THRIVE RENEWABLES