Triodos Renewables

Annual report 2009

Positive investment, positive energy

Triodos Renewables plc formerly
Triodos Renewable Energy Fund plc

Contents

Triodos Renewables plc
Brunel House
11 The Promenade
Bristol
BS8 3NN
United Kingdom

www.triodosrenewables.co.uk
Tel: 0117 973 9339
Fax: 0117 973 9303

Email: renewables@triodos.co.uk

Registered in England and Wales no. 2978651

Front cover: Matthew Clayton, Operations Director, at the construction of Triodos Renewables' latest site Wern Ddu wind farm.

Officers and professional advisers

Directors

Charles Secrett (Chairman)
James Vaccaro (Managing Director)
Ann Berresford (appointed 31 March 2009)
James Blanchard (retired 20 May 2009)
John Harrison
Emma Howard Boyd
Simon Roberts (appointed 31 March 2009)
Triodos Investments Limited

Company Secretary

Triodos Investments Limited

Registered office

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

Bankers

Triodos Bank NV
Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

Solicitors

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

Auditors

Deloitte LLP
Bristol

Chair's report

Positively contributing to the UK's renewable industry for 15 years

Welcome to the Triodos Renewables Annual Report for 2009, and another successful year for the Company and our shareholders.

I am pleased to announce that, during the year, we successfully expanded our renewable energy operating portfolio as well as increasing our capital base with another share issue, which completed in January 2010.

The highlight of the year was the acquisition of the new 9.2MW Wern Ddu wind farm in Denbighshire, North Wales, in October 2009. Construction and commissioning of the four turbine site was completed ahead of schedule in April 2010. This new wind farm has increased our generating capacity by 40% to 32.6MW – equivalent to the average domestic annual electricity consumption of over 21,000 homes.

Following the Wern Ddu acquisition, we raised an additional £4.35 million, primarily from our existing shareholder base, through a new share issue that closed in January 2010. We are pleased that, over the last 15 years, we have built an active and supportive shareholder community, consisting of more than 4,000 individuals and institutions. The Board is looking at ways in which we can continue to successfully grow the business in future and attract new shareholders who, like our existing shareholders, are seeking both a financial return and an opportunity to invest directly in new renewable energy projects.

Financially, 2009 was a successful year with pre-tax profits up 37% at £708,896 (2008: £518,758). Our 2009 performance compares favourably with the pre-tax profit forecasts of £641,000 (in the 2008 Prospectus) and £616,000 (in the 2009 Investment Memorandum). As a result, the Board proposes a final dividend of 3 pence per share payable in July 2010 – up from 2 pence last year.

Despite the continually improving financial performance, it is worth pointing out that significant provisions made against our investment portfolio have had a negative impact on our financial returns over the last three years, including this year. Further details can be found on page 12. Given this experience, the Board has concluded that the Company's future priority lies in generating value from the acquisition and development of renewable energy operating projects rather than from higher risk minority investments.

In addition to completing the Wern Ddu acquisition, the Management team has continued to develop a high quality 'pipeline' of projects for 2010 and beyond. In particular, we are confident that our most advanced development projects in Aberdeenshire will receive a positive planning decision this summer. We are also working on a number of co-investment opportunities in Europe in partnership with other EU-based renewable energy funds managed by Triodos Bank. Finally, we are also pleased to note that during 2009 Marine Current Turbines Limited, the leading edge tidal technology company in which we hold a shareholding, secured significant funding from investors including the Carbon Trust and Siemens. This will enable this company to enter another phase of growth in which they will be developing other projects at Pentland Firth and in the Orkney Islands – as part of the newly announced approvals for lease by The Crown Estate.

For the last 15 years Triodos Renewables has been at the forefront of the UK renewables industry. Set up when the wind industry in particular was in its infancy – in 1994 the entire UK wind portfolio was only 131MW compared to today's capacity of 4,000MW – we have successfully developed a strong reputation in our sector as a reliable partner with financial credibility, and as an environmentally and socially responsible operator. When bidding for new projects, we can demonstrate that we have valuable expertise in acquiring, financing, developing and operating projects as well as working in a joint venture capacity with suitable partners.

Today we continue to successfully occupy a distinctive position in the UK renewables market – between smaller landowner and community developers, many of whom lack financial resources and operating experience, and the major utility companies which focus exclusively on larger projects.

New renewables legislation and incentives have also created other opportunities for us during 2009, and we are looking at ways to develop projects using the recently introduced renewable energy Feed-In Tariff, which will support new renewable technologies, in particular solar photovoltaic energy, in the UK. This will enable us to build on the valuable experience held within Triodos Bank across Europe, where many commercial solar installations have been financed by Triodos or related funds in recent years.

On behalf of the Board, I would like to thank all our shareholders for your continued support. We were delighted to trial our first telephone conference 'Question Time' in November, with shareholders participating in a conversation with representatives from the Board and Management team about the strategy and future plans of Triodos Renewables. This is one of the ways that we will seek to keep building the dialogue with shareholders, as we seek to grow the Company in an expanding but increasingly competitive market.

We look forward to an exciting and prosperous 2010.

Charles Secrett
Chairman

Directors' report

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 31 December 2009.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006.

Principal activities

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

The Group now comprises six operating companies, and an intermediate holding company, Brunel Wind Limited. The six operating companies are:

- Triodos Renewables (Beochlich) Limited – hydroelectric
- Triodos Renewables (Haverigg II) Limited – wind farm
- Triodos Renewables (Ness Point) Limited – wind farm
- Triodos Renewables (Caton Moor) Limited – wind farm
- Triodos Renewables (Sigurd) Limited – wind farm
- Triodos Renewables (Wern Ddu) Limited – wind farm (under construction as at December 2009)

The Group also invests in joint venture companies – Connective Energy Limited and Triodos Mellinsus Projects Limited, and holds a minority shareholding in Marine Current Turbines Limited.

On 1 July 2009 the Company changed its name from Triodos Renewable Energy Fund Plc to Triodos Renewables Plc.

Review of business in its fifteenth year of operation

The trading results for the financial year and the Company's position at the year end are shown in the attached financial statements. The Directors consider that the future prospects of the Company continue to be favourable.

A brief history

In 1998 Triodos Renewables invested in two operating projects via subsidiary undertakings: Triodos Renewables (Haverigg II) Limited and Triodos Renewables (Beochlich) Limited. In June 2005 we acquired Triodos Renewables (Ness Point) Limited. Then in August 2006 we acquired 33% of Connective Energy Limited and 60% of Triodos Mellinsus Projects Limited. In September 2006 we acquired Hainsford Group Limited, and, as part of this transaction, Triodos Renewables (Ness Point) Limited, Triodos Renewables (Sigurd) Limited and Triodos Renewables (Caton Moor) Limited were transferred to Brunel Wind Limited, a wholly owned subsidiary holding company. In June 2007 we acquired 1.52% of Marine Current Turbines Limited (MCT), rising to 1.63% in 2008. And in November 2008 we increased our share of Connective Energy Limited to 60%. In October 2009 we acquired 100% of Wern Ddu Limited, now Triodos Renewables (Wern Ddu) Limited.

Set out below are the key milestones in Triodos Renewables' 15-year history, alongside developments at Triodos Bank and the Renewables sector generally.

	Triodos Renewables	Triodos Bank	Renewables sector
1986		Triodos Ventures is launched to help finance the development of wind energy projects.	Chernobyl nuclear reactor disaster.
1988		The first wind farms are built as a result of investment by Triodos Ventures.	
1990		Triodos Bank launches the first Dutch green investment fund.	Non-Fossil Fuel Obligation (NFFO) contracts signed in the UK – orders requiring the electricity distribution network to purchase electricity from renewable energy sources.
1992		First wind loan (Haverigg I) by Mercury Provident and Triodos Bank. (Mercury Provident was an independent bank in the UK that merged with Triodos Bank in 1995.)	
1995	Launch of first public share issue for The Wind Fund plc (the original name for Triodos Renewables). Just over £0.5 million raised.		
1997		Triodos Solar Investment Fund for developing countries is launched.	Kyoto Protocol is signed.
1998	Second public share issue of The Wind Fund raises £1.7 million. The Wind Fund completes investments in Haverigg II (2.4MW) and Beochlich hydro-electric scheme (1MW).		
2001		Solar Development Group for developing countries is launched in collaboration with the IFC and World Bank.	Introduction of Climate Change Levy (CCL) – tax on energy delivered to non-domestic users in the UK.
2002			Introduction of Renewable Obligation (RO) in the UK which places obligation on licensed electricity suppliers in the UK to source an increasing proportion of electricity from renewable sources.

	Triodos Renewables *continued*	Triodos Bank *continued*	Renewables sector *continued*
2004	Name changes to Triodos Renewable Energy Fund Plc, trading as Triodos Renewables. Triodos Renewables completes investment in E-Concern BV.		
2005	Triodos Renewables' third public share issue raises £4.8 million. Triodos Renewables acquirers 'Gulliver' at Ness Point in Lowestoft.	Triodos Group hits the £150 million mark for wind energy project finance.	Launch of Global Wind Energy Council in Brussels.
2006	Exit from E-Concern BV, purchase of Caton Moor and Sigurd wind farms, with a combined capacity of 17.3MW and investment in Connective Energy Limited. Formation of Triodos Mellinsus Projects Ltd.		
2007	Investment in Marine Current Turbines Limited.		Government White Paper 'Meeting The Energy Challenge'
2008	Triodos Renewables' fourth and largest public share issue to date raises £9.9 million.		
2009	Name changes to Triodos Renewables Plc trading as Triodos Renewables. Triodos Renewables acquires Wern Ddu Limited and commences construction of a 9.2MW wind farm in North Wales. Launch of Triodos Renewables' fifth share issue – a Shareholder Offer and Private Placing which closes in January 2010 having raised £4.3 million.	Projects financed or managed by Triodos Bank reach a generating capacity of 1,000MW of clean, green energy. This includes 175 wind farms, 85 solar plants and various biomass (15) and small hydro (19) projects, producing approximately 2.25 billion kwh per annum (equivalent to the electricity consumption of around 630,000 European households). This green power avoids CO_2 emissions of over 800,000 tonnes per year.	The 2009 United Nations Climate Change Conference, commonly known as the Copenhagen Summit is held. Wind hits the 4GW barrier in the UK – now powers 2.3 million homes in the UK. Feed-in tariffs for small-scale projects (up to 5MW) are introduced.

The Group's pre-tax profit for the year to 31 December 2009 was up 37% at £708,896 compared to £518,758 last year despite a 2% reduction in turnover from £5.6 million in 2008 to £5.47 million this year. The improvement in pre-tax profitability was primarily due to lower interest charges and reduced provisions against our investment portfolio compared to last year.

The 2% turnover reduction is mainly due to the impact of numerous technical problems at Ness Point and a fire on the distribution network near Haverigg II, which impacted the site. Operationally, these problems have now been resolved, although some residual warranty and availability issues remain ongoing. Elsewhere in the portfolio, slightly lower wind resource in the year and the impact of changes in bundled power prices from April 2009 were offset by improvements in wind availability. Our largest site, Caton Moor, which accounts for about 70% of Group power generation, operates on a market-based power purchase contract. Despite lower wind resource, the seasonal impact of pricing and improved availability ensured turnover at Caton Moor was down by only 0.9%. Our other four operating sites all operate on Government-backed Non-Fossil Fuel Obligation (NFFO) contracts, which are index linked and experienced price increases of around 4%.

Operational review

In 2009 Triodos Renewables generated 65,635MWh, 6% less than in 2008, but 3% more than in 2007. The reduction against 2008 is predominantly a result of 'normalised' wind resources after an exceptional year last year. Caton Moor (our largest site) continues to perform well with availability in excess of 99%, and the technical overhaul of the Sigurd wind turbine on Orkney in 2008 proved beneficial, with 2009 being its highest yielding year to date. A similar process has been implemented at Haverigg II in 2009 and we hope to benefit from this in 2010. We continue to benefit from our investment in diagnostic equipment which monitors the major turbine components as this has allowed us to secure more value from the warranty arrangements we have in place with the turbine manufacturers.

In 2009 we outsourced the real-time monitoring of our sites. We now have independent 24-hour monitoring of the operations of our projects. This offers both health and safety and performance benefits.

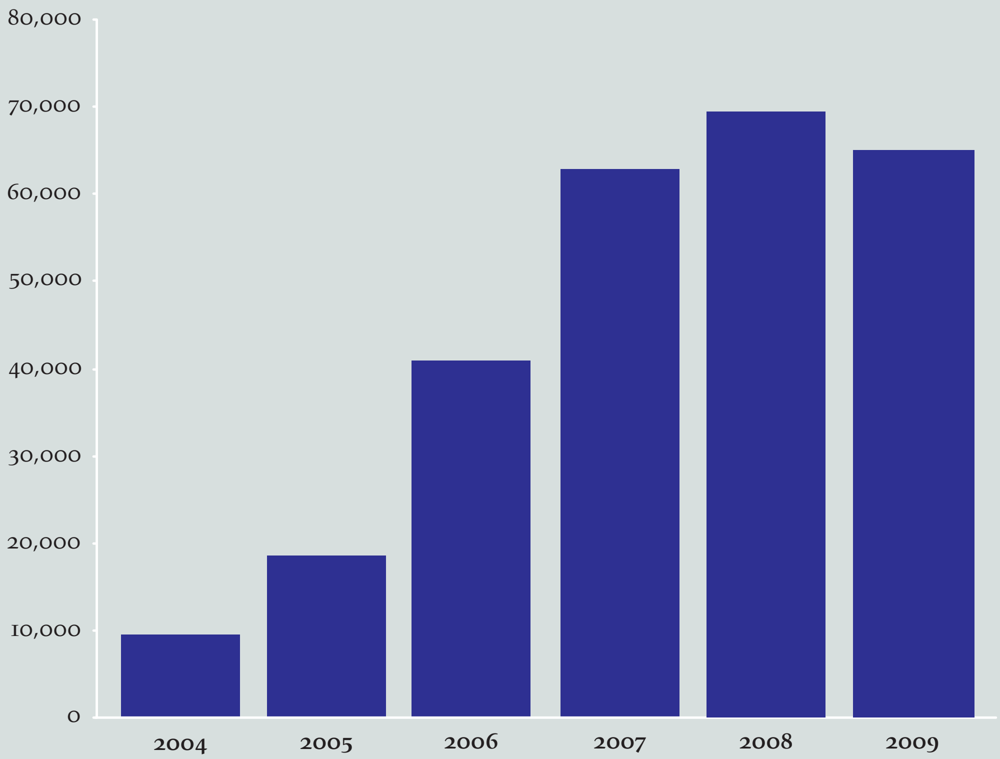
Health and safety

As part of a continuing drive for improvement, the Board has initiated a full review of the Company's health and safety policies and practices with a view to ensuring high standards of documentation, procedures, practice and record-keeping across the Company and its operational sites. The review will report to the Board in the second half of 2010.

Operational projects

Despite slightly lower output this year, our production of green electricity has shown an upward trend over the past six years as follows:

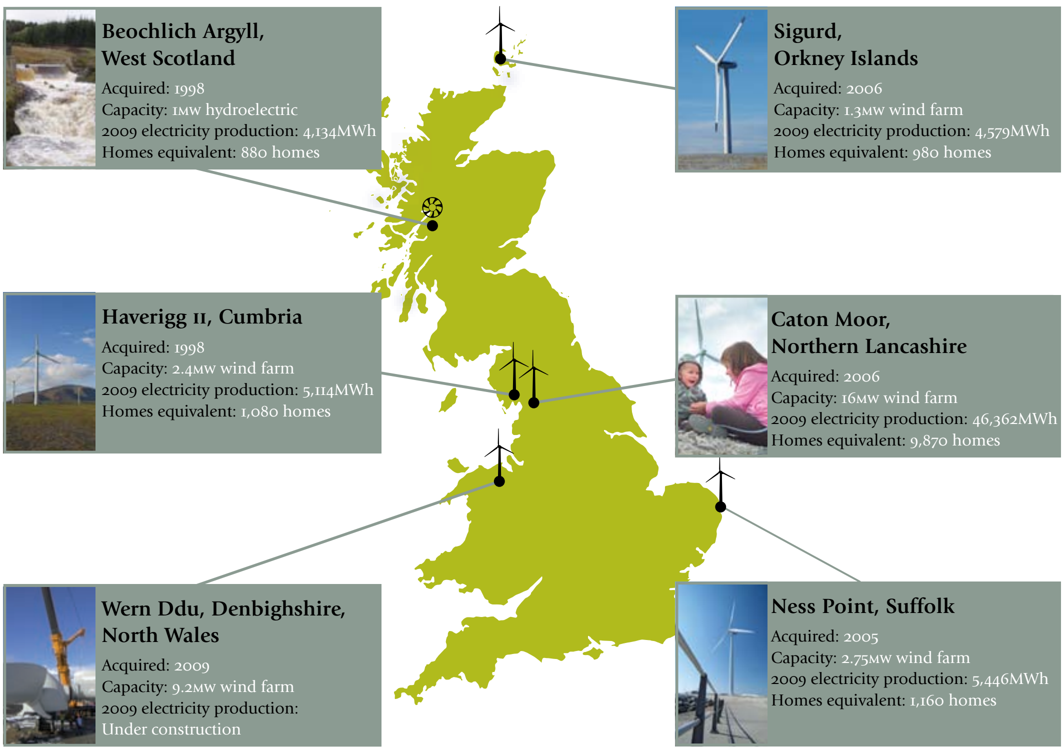
Generation of renewable electricity in MWh
(all Triodos Renewables portfolio)



Turnover by operational projects £'000

Project	Acquired	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009
Haverigg II	1998	295	307	301	324	353	317
Beochlich	1998	157	220	213	262	252	248
Ness Point	3 June 2005	-	341	545	588	677	590
Caton Moor	28 September 2006	-	-	1,126	3,218	4,154	4,117
Sigurd	28 September 2006	-	-	14	122	168	198
Turnover		452	868	2,199	4,514	5,604	5,470

The figure below shows where Triodos Renewables operates renewable assets.



Haverigg II

Haverigg II in Cumbria is a joint venture between Triodos Renewables and The Wind Company (UK). The site has a total capacity of 2.4MW, and one of the four turbines is owned by Baywind Energy Cooperative. Electricity output in 2009 was 5,114MWh (equivalent to 1,074 homes), compared to 5,049MWh in 2008. We had an extended outage across the site in October 2009 as a result of a fire on the regional electricity distribution system on which we are dependent for exporting the power. We hold insurance for such events and a claim has been made to compensate for the lost revenues. During the year, we have also been lobbying against plans to construct a nuclear power plant that would engulf Haverigg II. If plans for the nuclear power plant are successful, we understand that the site would be subject to a compulsory purchase order. However, there is very strong local opposition to the plans, and we and the other operators of the wind turbines on the site have been lobbying against the nuclear plans.

Beochlich

The Beochlich project is located in one of the best areas for small-scale hydroelectric power generation in Scotland. Beochlich Burn runs into the south-east side of Loch Awe in Argyll, West Scotland, before falling some 250 metres to the loch shore, draining water from a high plateau. The 1MW hydro project, built in 1998, involved building a six-metre high dam to create a new storage reservoir, which feeds water through two turbines. In 2009 Beochlich produced 4,134MWh (equivalent to 880 homes), compared to 4,337MWh in 2008. This 4.7% decrease in production is largely attributable to low reservoir levels in September following the uncharacteristically dry weather experienced in that part of the British Isles. However, turnover was in line with last year at £248,000 thanks to higher prices under the Government-backed NFFO contract.

Ness Point

Ness Point is at England's most easterly point in Lowestoft, Suffolk. On the site of a former gas works, its turbine 'Gulliver' is a popular addition to the town's industrial landscape. With a tip height of 126 metres, it has a capacity of 2.75MW. Electricity output was 5,446MWh for 2009 (equivalent to 1,160 homes), just over 20% below the 6,827MWh achieved in 2008. The main reason for this was that Ness Point experienced two extended periods of downtime in 2009, one relating to an electrical fault and the other relating to recurring problems with the blade repairs carried out in 2008 following lightening strikes in that year. Although these events are covered by insurance and warranty, we are focusing our efforts and diagnostic equipment on this machine and aim to increase its operational performance in 2010.

Caton Moor

Caton Moor wind farm is in an upland area of the Forest of Bowland in northern Lancashire, just east of Morecambe Bay. It was one of the earliest commercial wind farms in the UK, coming into service in 1994. In 2005, after replacing ten older turbines with eight modern, more efficient ones, Caton Moor achieved a total site capacity of 16MW. We acquired the wind farm as part of the purchase of Hainsford Group Limited in 2006. Electricity output for 2009 was 46,362MWh (equivalent to 9,864 homes), compared to an exceptionally high 49,621MWh in 2008. However, average prices and operational availability in 2009 (in excess of 99%) were both marginally ahead of the previous year, which ensured that turnover at Caton Moor was down only 0.8%.

Sigurd

Sigurd is a single wind turbine project on Burgar Hill in the Orkney Islands. Commissioned in 2001, the turbine is on one of the windiest onshore sites in Europe and has a capacity of 1.3MW. We acquired it as part of the takeover of Hainsford Group Limited in 2006. Electricity output for 2009 was 4,579MWh (equivalent to 974 homes), compared to 4,289MWh 2008. We are pleased to have delivered another year of increased availability at this extremely windy site.

Wern Ddu

Key points:

- Location: Denbighshire, North Wales
- Capacity: 9.2MW (equivalent to 6,000 homes – enough to power the nearby market town of Ruthin)
- Turbines: four 2.3MW Enercon e-70 e4 turbines
- Started delivering power to the grid: March 2010

Wern Ddu wind farm is Triodos Renewables' latest aquisition, made in October 2009. The wind farm is the fifth in the Triodos Renewables portfolio and is the first one in Wales. Wern Ddu is located between Gwyddelwern and Ruthin in North Wales, and lies at the eastern edge of Strategic Search Area A, one of seven areas identified by the Welsh Assembly Government as being suited to development of this kind. Since the acquisition, we have continued working with the seller, Tegni Cymru Cyf, a Welsh wind farm developer, owner and operator, during the construction phase of the wind farm. This took place during the winter months of 2009–2010 and resulted in employment opportunities for the local community. The site's first power was delivered to the grid in March 2010. Natural Power Consultants have overseen both the civil & electrical works and the erection & commissioning of the four Enercon E70 turbines, and have provided a full-time resident engineer to ensure compliance with the environmental, planning, and design statements, along with the Quality Assurance to ISO 9001 2008.


Photographs by Monika Paplaczyk


Wern Ddu under construction

"Wern Ddu is an important addition to Triodos Renewables' portfolio, representing 40% growth in capacity and also our first project in Wales. It's set to boost both the green energy we produce and the return for our shareholders. We're pleased that part of the money invested in acquiring Wern Ddu will help enable Tegni Cymru to continue the development of their next wind projects, Also, during the construction phase we are pleased that local contractors have been used where possible, particularly for the civil aspects of the development."
Matthew Clayton, Triodos Renewables' Operations Director

"We are delighted that Triodos Renewables has been able to invest in our latest wind farm development. The route to commissioning has been very long and expensive, but worthwhile in the end. We have had an excellent team on site – the construction works having been carried out by E W Jones, a local contractor. Tegni Cymru will be involved with the operation of the wind farm and we look forward to working with Triodos Renewables for many years to come."
Huw Smallwood, Tegni's owner and Managing Director

Investments in sustainable energy and development companies

Connective Energy Limited

In 2006 we invested in a new low-carbon business venture – Connective Energy Limited (CEL) – as part of a three-way joint venture between Triodos Renewables, Doosan Babcock and Carbon Trust Enterprises. CEL planned to become a leading supplier of low-carbon heating by reusing waste heat. About 45% of the UK's industrial primary energy consumption is wasted and simply released into the environment. CEL's aim was to capture this waste at source and transfer it in the form of steam or hot water to other industrial or public sector consumers in the same area, providing a stable, low-cost heat supply.

From inception of the joint venture until 31 December 2008, we invested £500,000 in CEL. Unfortunately, due to the challenging financial and market conditions faced by many of the major heat consumers targeted by CEL, a number of credible opportunities were halted. As a result of this, the joint venture partners decided during 2009 to reduce CEL's activities to save costs until the Government's planned policy and incentives around energy efficiency and heat are better established. Our contribution to the cost reduction process was an injection of a further £66,000 in 2009.

Marine Current Turbines Limited

In June 2007 Triodos Renewables acquired a small share in Marine Current Turbines Limited (MCT), a tidal technology company. The Directors believe that marine renewables, including tidal power, offer a sustainable source of energy to the UK and that they present a significant investment opportunity. In early 2008 we increased our share in MCT to 1.63%. We are pleased that during 2009 MCT has secured significant funding from investors such as Siemens who will be able to assist technically and financially with the next phase in MCT's growth.

In March 2008 MCT successfully installed SeaGen, the world's first commercial-scale tidal energy project, in Northern Ireland's Strangford Lough. The 1.2MW tidal generator continues to deliver power to the electricity network in Northern Ireland. SeaGen has now exceeded 1,000 hours of automatic operation, a first for any tidal technology. The project has delivered more than 800MWh (equivalent to 170 homes) of electricity.

As a result of SeaGen's operational performance and MCT's position as a world leader, the Company has secured preferred bidder status on the planned 100MW Pentland Firth tidal generation project. In March 2009 MCT also secured approval for a lease from The Crown Estate to deploy its award-winning SeaGen tidal current technology off Brough Ness, on the southernmost tip of the Orkney Islands (South Ronaldsay) and north-east of John O'Groats. The company plans to have its first phase of SeaGen tidal turbines deployed during 2017 with the whole scheme operational by 2020. The Brough Ness tidal array will have a total generating capacity of 99MW – enough power for nearly 100,000 homes. Martin Wright, Managing Director of Marine Current Turbines, said:

"The Pentland Firth and Orkney waters are strategically the most important marine energy areas in Western Europe so we are delighted to have secured approval for a lease by The Crown Estate."

Subject to financing and final agreements with The Crown Estate, Marine Current Turbines is aiming to secure planning and environment consents for Brough Ness by 2015, to start construction in 2016 and the first phase of deployment in 2017. The timing of construction and deployment will be dependent on the local grid infrastructure being strengthened.

Triodos Renewables decided not to participate in the 2009 funding round and therefore we remain a relatively passive, small investor in MCT.

Triodos Mellinsus Projects Limited

Since 2006 we have been working with community wind project developers Mellinsus Renewables to develop a portfolio of renewable energy projects in the UK. Together we formed Triodos Mellinsus Projects Limited (TMPL), of which we own 60%. Despite the challenges presented by the UK's planning regime, we are pleased to confirm that two onshore wind projects, comprising 4MW total capacity and located in Aberdeenshire in Scotland, were both submitted for planning approval in February 2010. We are encouraged by the planning process, which appears to be progressing well. If planning consent is secured, Triodos Renewables will build, own and operate these projects.

Marine Current Turbines

SLP Energy[1]

In April 2007 Triodos Renewables entered into an option agreement with SLP Energy (which developed Ness Point). This forms the basis of wider co-operation between SLP Energy and Triodos Renewables to develop sensitively sited onshore wind projects.

One of the projects in SLP Energy's Portfolio is the 4MW Kessingland wind farm, which obtained planning permission in April 2009. At the end of 2009 SLP Engineering, the holding company of which SLP Energy is a subsidiary, was placed into administration. We are currently continuing to work with the parties concerned to secure the Kessingland project under the option agreement.

Financial review

The Group achieved pre-tax profits of £708,896 in 2009, compared to £518,758 in 2008 after having taken a £192,451 (2008: £167,299) share of CEL's losses and a further £63,117 (2008: £335,311) write down against our investment in MCT. At the year end, the remaining balance sheet carrying value of our investment portfolio is £104,544 in relation to MCT. The CEL investment is now fully written off.

Administration expenses of £891,955 (2008: £813,818) included a foreign exchange book loss of £112,464, arising mainly from a euro liability timing difference on acquisition of Wern Ddu Limited. After excluding this one-off item, underlying administration expenses were some 4% lower than last year.

The trading results for the financial year and the Group's position at the year end are shown in the attached financial statements. The directors consider the future prospects of the Group to be favourable. During the year a dividend of £245,892 was paid (2008: £126,160). The Directors recommend the payment of a final dividend of 3 pence per share or a total of £443,403 (2008: £245,892) to be paid in 2010.

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1 SLP Energy is a trading name of Sea & Land Power and Energy Limited.

On 27 October 2009 Triodos Renewables completed the acquisition of Wern Ddu Limited, a company established to build and operate four wind turbines on a site in North Wales with a capacity of 9.2MW. The total estimated purchase and construction cost of this new wind farm is £13.8 million, of which £8 million had been expended by 31 December 2009.

Following the Wern Ddu, acquisition we launched a new share issue in November 2009 to raise funds for future business development and further acquisitions. The share offer was open only to existing shareholders and those new shareholders wishing to invest over £50,050. The issue was successful and closed in January 2010 having raised just over £4.3 million. Triodos Renewables now has approximately 4,000 shareholders, including members of the public and institutional investors.

At 31 December 2009 the Group held just under £4.5 million of cash – down from £7.4 million last year. The Group's net debt at 31 December 2009 was £14.0 million, an increase of £3.6 million over the year, attributable to the acquisition and ongoing construction of the Wern Ddu wind farm. Because the new shares were not allotted until 2010, the results of the share issue have not been shown in the December 2009 balance sheets.

The Directors consider the Company remains in a strong position to progress in future.

Going concern

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

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Financial risk management objectives and policies

The Directors consider the principal risks and uncertainties affecting the business activities of the Company and the Group to be those detailed below.

- **Price risk**

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

- **Interest rate risk**

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

- **Credit risk**

  In the event of default by a customer, significant financial loss could arise. However, Triodos Renewables will normally only consider entering into power purchase agreements for the sale of its electricity with reputable utility companies or Government-backed contracts.

- **Foreign exchange risk**

  Triodos Renewables imports capital equipment for the construction of renewable energy projects direct from suppliers located in Europe and is therefore exposed to risk from fluctuations in sterling:euro exchange rates. We purchase forward currency contracts 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 in certain conditions, leading to loss of revenues and repair or replacement costs. Triodos Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level of assurance for five years and there will normally be a fixed price for the provision of operations and maintenance. We also buy specialist insurance to seek to mitigate against any losses.

- **Government policy**

  The renewable energy industry receives Government incentives to encourage the generation of renewable energy. All of the main political parties in the UK have made strong commitments to meeting high renewable energy targets.

- **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 supplier's standard terms. Trade creditors relate mainly to fixed assets purchased in the year, so no meaningful 'creditors days' calculation is possible.

Directors

The Directors of the Company who served during the financial year are shown on page 2.

The Directors and their interests in the ordinary shares of the Company at the beginning of the financial year and end of the financial year were as follows:

	50 pence ordinary shares fully paid	
Director	**2009**	**2008**
Charles Secrett	700	700
James Vaccaro	-	-
Ann Berresford	-	-
John Harrison	6,000	6,000
Emma Howard Boyd	4,400	4,400
Simon Roberts	-	-
Triodos Investments Limited	400	400

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 auditors 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 (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

During the year, Elliott Bunker resigned as auditors and Deloitte LLP were appointed. Deloitte LLP have indicated their willingness to continue in office as the Company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 30 April 2010.

On behalf of Triodos Investments Limited
Secretary

Board of Directors, Management and Administration

Additional breadth and depth of experience have been brought to Triodos Renewables during 2009 with the expansion of both the Board and the Management Team. Two new Non-Executive Directors, Ann Berresford and Simon Roberts, have joined the Board, and James Blanchard has retired. The Management Team has grown similarly with two new members, one of whom replaced an outgoing Finance Director.

Board of Directors

Charles Secrett – Chairman

Charles works as an Advisor on Climate, Environment and Sustainability, and is a Senior Associate at the Cambridge Programme for Sustainability Leadership. Previously, he has been a Special Advisor on Climate Change and Sustainability for the Mayor of London (2004–2008) and a Board Member of the London Development Agency (also 2004–2008). He was Executive Director of Friends of the Earth between 1993 and 2003. Prior to that, he worked for the International Institute for Environment and Development as Climate Change Programme Director. He was also a member of the UK Round Table for Sustainable Development between 1994 and 2000, and the UK Sustainable Development Commission between 2000 and 2003.

James Vaccaro – Managing Director

James is the Managing Director of Investment Banking at Triodos Bank's UK Branch and undertakes the role of Managing Director of Triodos Renewables. He has worked for Triodos Bank for over 10 years. In that time he has completed 10 renewable energy project finance deals worth over £40 million, and acquisitions with a combined asset value in excess of £30 million. He has an extensive network of contacts in the independent renewable generation industry and direct experience of delivering successful renewable energy projects. He has served on the boards of several environmental companies.

Ann Berresford – Non-Executive Director

Ann has over 25 years' experience in financial management across the financial services and energy sectors. Most recently (until 2006), she was Finance Director for the Bank of Ireland's UK Financial Services Division and for Bristol and West plc. Prior to that, Ann held a range of senior positions in Clyde Petroleum plc, an independent British oil and gas exploration and production company, including Group Treasurer and Finance Director for the Dutch operations, based in The Hague.

Ann is now a non-executive director at the Pension Protection Fund, where she chairs the Audit Committee, and is a non-executive director at the Bath Building Society. She is also an independent trustee of the local government Avon Pension Fund, administered by Bath and North East Somerset Council. Ann read Chemistry at Liverpool University and is a qualified Chartered Accountant.

John Harrison – Non-Executive Director

John has worked as an investment adviser for small to medium-sized companies since the mid 1960s. Since 1975 he has been involved in founding and operating 'green' businesses, including one of the UK's first organic restaurants and in 1980 a London-based wholesaler of organic vegetables (now Organic Farm Foods Limited). In semi-retirement in West Wales, in addition to his directorship of Triodos Renewables since 1997, he is a non-executive director of Bro Dyfi Community Renewables, a small community-owned wind electricity generator, and a trustee of The Magdalen Project, a charity providing education in sustainability, based on an organic farm in Dorset.

Emma Howard Boyd – Non-Executive Director

Emma has been actively involved in socially responsible investment (SRI) since joining Jupiter Asset Management in 1994. As Head of SRI and Governance, Emma has overall responsibility for the management and development of Jupiter's SRI business. She is also responsible for building up Jupiter's corporate governance and engagement services for institutional clients and Jupiter's UK retail funds. Emma has recently been appointed an independent non-executive member of the Environment Agency Board. During 2007, She was a member of to the Commission on Environmental Markets and Economic Performance, set up by the UK Government to make detailed proposals specifically on enhancing the UK environmental industries, technologies and markets. She is also a Senior Associate of the University of Cambridge's Programme for Sustainable Leadership.

Emma was Chair of UKSIF, the sustainable investment and finance association, until March 2006 and was founding Chair of Eurosif, the European Sustainable Investment Forum. Prior to working at Jupiter, Emma specialised in corporate finance at Hill Samuel and Banque Nationale de Paris.

Simon Roberts – Non-Executive Director

Simon has spent more than 20 years helping people, organisations and policy-makers to change the way they think and act on energy. He is Chief Executive of the Centre for Sustainable Energy, one of the UK's leading energy charities. Prior to this, he was a senior manager at Triodos Bank between 1998 and 2002 and Managing Director of Triodos Renewables until 2002, when it operated as the Wind Fund plc.

Simon is a member of the Government's Renewables Advisory Board, leading its work on community engagement. He sits on Ofgem's Consumer Challenge Group, examining the issues associated with developing an electricity distribution system fit for a low-carbon future. He is a board director of the South West of England sustainable energy agency Regen SW and chairs the board of Energy Advice South West Limited, a charity-owned joint venture delivering energy advice services across the region. Simon was elected a Fellow of the Energy Institute in 2007.

Triodos Investments Limited – Non-Executive Director

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

Executive Management Team

The Management of Triodos Renewables is carried out by Triodos Bank in accordance with the Management Agreement. The team is made up as follows:

James Vaccaro – Managing Director

See above in the Board section.

Matthew Clayton – Operations Director

Matthew has worked for Triodos Bank since early 2006, undertaking the role of Operations Director focusing on acquisitions, developments and operational management for Triodos Renewables. He has contributed to the acquisition and integration of 26MW of wind projects, the operation of the portfolio and the development options for more than 70MW of onshore wind. Before 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. Prior to this, Matthew worked in Risk Management for TXU's Energy Trading team.

Dan Hird – Finance Director

Dan is Head of Corporate Finance within the Triodos UK Investment Banking team and Head of Finance of Triodos Renewables. He joined Triodos Bank in November 2008 and now acts for many clients on corporate finance and investment banking projects. Dan is a Chartered Accountant, trained with KPMG in Bristol and spent six years with KPMG Corporate Finance as a lead adviser on a range of mergers and acquisitions, management buy-outs and fundraising deals. Dan then established his own corporate finance business, with offices in Bristol and Bath, and completed over 80 transactions, mainly in the small and medium-sized enterprise (SME) sector, over a seven-year period. After this, he joined a major retailer as Finance Director and was instrumental in building the business for sale to a trade purchaser.

Immediately prior to joining Triodos Bank, Dan was Finance Director of a rapidly growing manufacturing business and led two growth capital finance raising projects to enable expansion and relocation.

Billy French – Legal and Commercial Director

Billy joined Triodos Bank in November 2008 from a turnkey contractor in the energy industry with interests in renewable energy projects, where he was Group General Counsel and Company Secretary. Before that, Billy worked in the Group Secretariat and Legal Department of Severn Trent plc in Birmingham. Billy trained as a barrister and is a Chartered Secretary with broad experience of company administration, property, insurance and both contentious and non-contentious legal matters. In particular, he was involved in the development, procurement and subsequent sale (to Triodos Renewables) of the wind turbine at Ness Point, Lowestoft, which is one of the biggest onshore wind turbines in the UK.

At Triodos Bank, Billy has extensive involvement with Triodos Renewables, drawing on his previous experience and other investment banking projects, including corporate governance, legal and commercial matters on acquisitions, developments and existing investments.

Scott Ridley – Technical Manager

Scott joined Triodos Renewables in 2007 and undertakes responsibility for the technical aspects of operating our six renewable energy generation sites. Scott has eight years' experience of service and maintenance of Nordex, Vestas and Repower wind turbines, leading and training maintenance teams and managing health and safety compliance. Scott has also worked in an owners' engineer role for Natural Power, which included overseeing operations and preparing technical due diligence for renewable assets.

Monika Paplaczyk – Investment Analyst

Monika joined Triodos Renewables in 2007 and has a central role in the Triodos Renewables team. This includes carrying out investment evaluations, market analysis, business development support, operational management and managing communications with shareholders and the Board. Previously, she worked as a consultant for Euro Access Business Consultancy where she was involved mainly in preparing business plans and grant applications for investment projects such as community development projects, biomass and grain storage.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Independent auditors' report to the members of Triodos Renewables plc

We have audited the financial statements of Triodos Renewables Plc for the year ended 31 December 2009 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report.

Nigel Thomas (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors, Bristol, United Kingdom

Consolidated profit and loss account

	Note	2009 £	2008 £
Turnover	2	5,470,460	5,603,706
Cost of sales		(2,374,253)	(2,365,480)
Gross profit		3,096,207	3,238,226
Administrative expenses		(891,955)	(813,818)
Operating profit	3	2,204,252	2,424,408
Amounts written off investments		(63,117)	(335,311)
Interest receivable and similar income		233,987	222,686
Interest payable and similar charges	5	(1,473,775)	(1,625,726)
Share of joint venture company loss	11	(192,451)	(167,299)
Profit on ordinary activities before taxation		708,896	518,758
Tax on profit on ordinary activities	6	(205,653)	(290,529)
Profit on ordinary activities after taxation		503,243	228,229
Minority interests		1,087	4,242
Profit for the year	18	504,330	232,471

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

The Group has no recognised gains or losses other than the profit for the current financial year. Accordingly, no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	9	19,539,625	15,788,829
Intangible assets	10	16,151,383	13,063,730
Investments	11	104,544	294,112
		35,795,552	29,146,671
Current assets			
Debtors	12	2,969,374	2,069,233
Investments		70,000	70,000
Cash at bank and in hand		7,859,114	10,499,240
		10,898,488	12,638,473
Creditors: amounts falling due within one year	13	(8,581,272)	(2,911,911)
Net current assets		2,317,216	9,726,562
Total assets less current liabilities		38,112,768	38,873,233
Creditors: amounts falling due after more than one year	14	(18,784,510)	(19,928,762)
Provisions for liabilities	16	(1,133,255)	(1,006,819)
Net assets		18,195,003	17,937,652
Capital and reserves			
Called up share capital	17	6,147,297	6,147,297
Share premium account	18	11,010,400	11,010,400
Profit and loss account	18	1,049,798	791,360
Minority interests		(12,492)	(11,405)
Shareholders' funds	19	18,195,003	17,937,652

The financial statements of Triodos Renewables Plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on 30 April 2010.

Signed on behalf of the Board of Directors

Charles Secrett
Director

James Vaccaro
Director

Company balance sheet

	Note	2009 £	2008 £
Fixed assets			
Investments	11	7,793,483	6,610,140
Current assets			
Debtors	12	18,795,329	10,029,401
Investments		70,000	70,000
Cash at bank and in hand		4,472,933	7,385,325
		23,338,262	17,484,726
Creditors: amounts falling due within one year	13	(8,017,928)	(2,552,661)
Net current assets		15,320,334	14,932,065
Total assets less current liabilities		23,113,817	21,542,205
Creditors: amounts falling due after more than one year	14	(5,134,821)	(5,353,828)
Net assets		17,978,996	16,188,377
Capital and reserves			
Called up share capital	17	6,147,297	6,147,297
Share premium account	18	11,010,400	11,010,400
Profit and loss account	18	821,299	(969,320)
Shareholders' funds	19	17,978,996	16,188,377

The financial statements of Triodos Renewables Plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on 30 April 2010.

Signed on behalf of the Board of Directors

Charles Secrett
Director

James Vaccaro
Director

Consolidated cash flow statement

	Note	2009 £	2008 £
Net cash inflow from operating activities	20	4,575,647	4,037,349
Returns on investments and servicing of finance			
Interest received		233,987	222,686
Interest paid		(1,473,775)	(1,625,726)
Net cash outflow from returns on investments and servicing of finance		(1,239,788)	(1,403,040)
Taxation			
Corporation tax paid		(64,442)	(8,201)
Capital expenditure and financial investment			
New share capital		-	9,877,890
Share issue costs		-	(394,865)
Bank loans		2,000,000	-
Purchase of tangible and intangible fixed assets		(6,529,273)	(26,262)
Net cash outflow from capital expenditure and financial investment		(4,529,273)	9,456,763
Acquisitions and disposals			
Investment in Marine Current Turbines Ltd		-	(202,972)
Investment in Connective Energy Ltd		(66,000)	(87,500)
Net cash outflow from acquisitions and disposals		(66,000)	(290,472)
Net cash inflow before use of liquid resources and financing		(1,323,856)	11,792,399
Financing			
Equity dividends paid		(246,504)	(126,121)
Repayment of borrowings		(1,069,766)	(3,000,128)
Net cash outflow from financing		(1,316,270)	(3,126,249)
Net movement in cash and cash equivalents		(2,640,126)	8,666,150

Notes to the consolidated financial statements

1 Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

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

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiaries for the financial year ended 31 December 2009. The Directors have also taken advantage of the exemption granted by the Companies Act to omit the Company profit and loss account from these financial statements.

Current asset investment

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

Investments

Investments held as fixed assets are stated at cost less any impairment in value.

Tangible fixed assets

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

Land and buildings – 4% per annum

Plant and machinery – 5% per annum

Assets under course of construction are not depreciated.

Intangible fixed assets and goodwill

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

Power purchase agreement and goodwill – 5% per annum

Intangible assets – development costs

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

Turnover

Turnover which is stated net of value added tax represents amounts invoiced in relation to the Company's and Group's principal activities in the UK.

Taxation

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

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

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

Foreign exchange

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

Leases

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

2 Segmental analysis

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

3 Operating profit

Operating profit is after charging:	2009 £	2008 £
Auditors' remuneration:		
- audit services	22,000	15,000
- tax services	21,131	11,303
Depreciation	996,692	994,541
Amortisation	747,790	729,897
Foreign exchange losses	112,464	-
Other operating leases	128,091	134,011

4 Information regarding directors and employees

Group and Company	2009 £	2008 £
The emoluments of Directors were:		
Directors' emoluments	29,301	16,000
No pension contributions were paid on behalf of the Directors.		
Co-worker costs were as follows:		
Wages and salaries	36,255	43,288
Social security costs	3,977	4,904
Other pension costs	3,621	4,283
	43,853	52,475

During 2009 the average number of co-workers employed was 1 (2008: 1).

5 Interest payable and similar charges

	2009 £	2008 £
Bank loans	1,113,775	1,265,726
Other loans	360,000	360,000
	1,473,775	1,625,726

6 Tax on profit on ordinary activities

	2009 £	2008 £
a. Analysis of charge in period		
Current taxation:		
Corporation tax credit on profits in the period	153,130	72,668
Adjustment in respect of previous years	(73,913)	-
	79,217	72,668
Deferred taxation:		
Origination and reversal of timing differences	274,356	323,191
Adjustments in respect of previous years	86,431	-
Effect of increased tax rate on opening liability	-	(53,275)
Increase in discount	(234,351)	(52,055)
Total tax charge	205,653	290,529
b. Factors affecting tax charge for the period		
Profit on ordinary activities before tax	708,896	518,758
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2008: 28%)	198,491	145,252
Effects of:		
Expenses not deductible for tax purposes	277,021	14,976
Difference between capital allowances and depreciation	(218,179)	36,262
Utilisation of tax losses	(96,310)	(121,130)
Lower rate of tax charge in subsidiaries	(7,893)	(2,692)
Adjustments to tax charge in respect of previous periods	(73,913)	-
	79,217	72,668

7 Dividends

	2009 £	2008 £
Final dividend paid 2 pence (2008: 1 pence) per ordinary share	245,892	126,160

Note 26 explains dividends in respect of the 2009 earnings.

8 Profit of Parent Company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these accounts. The Parent Company's profit for the financial year amounts to £2,036,511 (2008: loss £805,390).

9 Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 2009	325,000	19,142,147	19,467,147
Additions	-	4,747,488	4,747,488
At 31 December 2009	325,000	23,889,635	24,214,635
Accumulated depreciation			
At 1 January 2009	132,688	3,545,630	3,678,318
Charge for the year	16,152	980,540	996,692
At 31 December 2009	148,840	4,526,170	4,675,010
Net book value at 31 December 2009	176,160	19,363,465	19,539,625
At 31 December 2008	192,312	15,596,517	15,788,829

10 Intangible fixed assets

Group	Goodwill £	Development costs £	Power purchase agreement £	Total £
Cost				
At 1 January 2009	14,317,960	183,442	279,975	14,781,377
Additions	3,715,068	120,375	-	3,835,443
At 31 December 2009	18,033,028	303,817	279,975	18,616,820
Accumulated depreciation				
At 1 January 2009	1,654,787	-	62,860	1,717,647
Additions	-	-	-	-
Charge for year	733,791	-	13,999	747,790
At 31 December 2009	2,388,578	-	76,859	2,465,437
Net book value at 31 December 2009	15,644,450	303,817	203,116	16,151,383
At 31 December 2008	12,663,173	183,442	217,115	13,063,730

11 Investments

Fixed asset investments	Group £	Company £
Investments in subsidiary undertakings at cost		
Balance brought forward	-	6,316,028
Additions	-	1,372,911
	-	7,688,939
Other investments		
Balance brought forward	294,112	294,112
Additions	66,000	66,000
Amounts written off investments	(63,117)	(63,117)
Share of joint venture company loss	(192,451)	(192,451)
Balance at 31 December 2009	104,544	7,793,483

The Company owns 100% of the issued ordinary shares of Triodos Renewables (Beochlich) Limited, a company incorporated in England. The principal activity of Triodos Renewables (Beochlich) Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Triodos Renewables (Haverigg II) Limited, a company incorporated in England. The principal activity of Triodos Renewables (Haverigg II) Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Brunel Wind Limited, a company incorporated in England. The principal activity of Brunel Wind Limited is energy supply.

The Company owns 60% of the issued ordinary shares of Connective Energy Limited, a company incorporated in England. The principal activity of Connective Energy Limited is energy supply. As a joint venture, Connective Energy Limited is not controlled by the Group and for this reason its results (31 March 2009: loss £356,539 (31 March 2008: loss £468,798)) and net liabilities (31 March 2009: £29,063 (31 March 2008: net assets of £99,976)) have not been consolidated within these accounts.

The Company owns 60% of the issued ordinary shares of Triodos Mellinsus Projects Limited, a company incorporated in England. The principal activity of Triodos Mellinsus Projects Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Triodos Renewables (HGL) Limited, a company incorporated in England. The principal activity of Triodos Renewables (HGL) Limited is energy supply.

The Company owns 1.63% of the issued ordinary shares of Marine Current Turbines Limited, a company incorporated in England. The principal activity of Marine Current Turbines Limited is energy supply.

On 27 October 2009 the Company acquired 100% of the issued share capital of Wern Ddu Limited, a company incorporated in England. Immediately post acquisition, the company's name was changed to Triodos Renewables (Wern Ddu) Limited. The principal activity of Triodos Renewables (Wern Ddu) Limited is energy supply.

Current asset investments	Group £	Company £
Loan to Mellinsus Projects Limited	70,000	70,000

12 Debtors

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	1,232,467	347,988	-	-
Amounts owed by Group undertakings	-	-	18,447,614	9,604,848
Other debtors	-	-	30,638	64,040
Prepayments and accrued income	1,736,907	1,721,245	317,077	332,606
Deferred tax asset	-	-	-	27,907
	2,969,374	2,069,233	18,795,329	10,029,401

13 Creditors: amounts falling due within one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Bank loans (see note 15)	3,144,252	1,069,766	2,219,007	204,750
Trade creditors	976,329	515,297	240,959	18,140
Other creditors	1,433,082	34,121	1,433,082	34,784
Corporation tax	79,217	-	-	-
Taxation and social security	108,400	287,008	1,129	1,509
Accruals and deferred income	2,832,885	998,000	628,335	615,439
Amounts owed to Group undertakings	-	-	3,488,309	1,670,320
Dividends payable	7,107	7,719	7,107	7,719
	8,581,272	2,911,911	8,017,928	2,552,661

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Bank loans (see note 15)	14,784,510	15,928,762	1,134,821	1,353,828
Other loans	4,000,000	4,000,000	4,000,000	4,000,000
	18,784,510	19,928,762	5,134,821	5,353,828

15 Borrowings

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Bank loans and overdrafts				
Amounts payable				
- due within one year	3,144,252	1,069,766	2,219,007	204,750
- due after more than one year	14,784,510	15,928,762	1,134,821	1,353,828
	17,928,762	16,998,528	3,353,828	1,558,578
Other loans				
Amounts payable				
- due after more than one year	4,000,000	4,000,000	4,000,000	4,000,000
	4,000,000	4,000,000	4,000,000	4,000,000
Analysis of loan repayments				
Bank loans and overdrafts				
- within one year	3,144,252	1,069,766	2,219,007	204,750
- within one to two years	1,223,923	1,144,252	234,255	219,007
- within two to five years	6,737,249	6,151,559	654,168	575,774
- after five years	6,823,338	8,632,951	246,398	559,047
	17,928,762	16,998,528	3,353,828	1,558,578
Analysis of loan repayments				
Other loans				
- within one year	-	-	-	-
- within one to two years	3,000,000	3,000,000	3,000,000	3,000,000
- within two to five years	1,000,000	1,000,000	1,000,000	1,000,000
- after five years	-	-	-	-
	4,000,000	4,000,000	4,000,000	4,000,000

At 31 December 2009, bank loans comprised £17,928,762, of which £15,928,762 bears interest at a fixed rate of 6.75% for the term of the loans. All bank loans are held with Triodos Bank.

Of the total bank loans of £17,928,762, £15,928,762 is repayable in monthly instalments over eleven years, £703,828 is repayable in monthly instalments over three years, £650,000 is interest only for three years and then repayable over six years, and £2,000,000 is repayable on 30 April 2010. All bank loans are secured by first fixed and floating charges on the fixed assets of the subsidiary companies.

Other loans comprise £4,000,000 and bear interest at a fixed rate of 9%, and are secured by second fixed and floating charges on the fixed assets of the subsidiary companies. £3,000,000 of such loans repayable on 28 September 2011 and £1,000,000 is repayable on 31 May 2012. The aggregate amount of secured liabilities as at 31 December 2009 was £21,928,762 (2008: £20,998,528).

16 Provisions for liabilities

Group	Balance at 1 January 2009 £	Charge to profit and loss account £	Balance at 31 December 2009 £
Deferred taxation	1,006,819	126,436	1,133,255
Total	1,006,819	126,436	1,133,255

The amounts of deferred tax provided in the accounts are as follows:		
Accelerated capital allowances	1,826,736	1,922,431
Tax losses carried forward	(220,100)	(676,583)
Discount	(473,381)	(239,029)
	1,133,255	1,006,819

17 Called up share capital

	2009 £	2008 £
Authorised share capital:		
Ordinary shares of 50p each	50,000,000	50,000,000
'A' ordinary shares of £2 each	1	1

	2009 No.	2009 £	2008 No.	2008 £
Allotted, called up and fully paid:				
Ordinary shares of 50p each	12,294,590	6,147,295	12,294,590	6,147,295
'A' ordinary shares of £2 each	1	2	1	2
	12,294,591	6,147,297	12,294,591	6,147,297

Rights attached to shares

The 'A' ordinary share has the right:

- to prevent the passing of any special resolution, any extraordinary resolution, any resolution where special notice is required, or any resolution required to be forwarded to the Registrar of Companies in accordance with the Companies Act, being given such number of votes as necessary to stop such a resolution;
- to appoint or remove a Director by being given such number of votes as necessary to pass such a resolution; and
- in all other cases, such numbers of votes as represents 10% of the entire voting rights of the Company.

18 Statement of movements on reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2009	11,010,400	791,360
Profit for the year	-	504,330
Dividends paid	-	(245,892)
At 31 December 2009	11,010,400	1,049,798
Company		
At 1 January 2009	11,010,400	(969,320)
Profit for the year	-	2,036,511
Dividends paid	-	(245,892)
At 31 December 2009	11,010,400	821,299

19 Reconciliation of movements in shareholders' funds

Group	2009 £	2008 £
Profit for the year	504,330	232,471
Dividends paid	(245,892)	(126,160)
Minority interests	(1,087)	(4,242)
New share capital subscribed (net of issue costs)	-	9,483,025
Net increase in shareholders' funds	257,351	9,585,094
Opening shareholders' funds	17,937,652	8,352,558
Closing shareholders' funds	18,195,003	17,937,652

Company	2009 £	2008 £
Profit/(loss) for the year	2,036,511	(805,390)
Dividends paid	(245,892)	(126,160)
New share capital subscribed (net of issue costs)	-	9,483,025
Net increase in shareholders' funds	1,790,619	8,551,475
Opening shareholders' funds	16,188,377	7,636,902
Closing shareholders' funds	17,978,996	16,188,377

20 Reconciliation of operating profit to net cash inflow from operating activities

Inflow from operating activities	2009 £	2008 £
Operating profit	2,204,252	2,424,408
Increase in debtors	(900,141)	(334,244)
Increase in creditors	3,580,712	222,747
Depreciation and amortisation	1,744,482	1,724,438
Non-cash increase in fixed assets	(2,053,658)	-
Net cash inflow from operating activities	4,575,647	4,037,349

21 Analysis of net debt

	At 1 January 2009 £	Cash flow £	Other non-cash changes £	At 31 December 2009 £
Cash at bank and in hand	10,499,240	(2,640,126)	-	7,859,114
Bank loans falling due within one year	(1,069,766)	(1,069,766)	(1,004,720)	(3,144,252)
Bank and other loans falling due after more than one year	(19,928,762)	139,532	1,004,720	(18,784,510)
Current asset investment	70,000	-	-	70,000
	(10,429,288)	(3,570,360)	-	(13,999,648)

22 Reconciliation of net cash flow to movement in net debt

	At 31 December 2009 £
Decrease in cash at bank in the year	(2,640,126)
Cash outflow from decrease in debt	(930,234)
Change in net debt resulting from cash flows	(3,570,360)
Net debt at 1 January 2009	(10,429,288)
Net debt at 31 December 2009	(13,999,648)

23 Capital commitments

	2009 £	2008 £
At 31 December 2009 the Group was committed to the following capital expenditure	5,780,000	-

24 Operating lease commitments

At 31 December 2009 the Group was committed to making the following payments during the next year in respect of operating leases:

	Plant and machinery		Land and building	
	2009 £	2008 £	2009 £	2008 £
Operating leases which expire:				
- within two to five years	6,217	5,181	-	-
- after more than five years	-	-	59,057	63,018
	6,217	5,181	59,057	63,018

25 Related party transactions

Under the terms of the 'Provision of Fund Management Services Agreement' Triodos Bank is responsible for the fund management and the administrative running of the Company. During the year, Triodos Bank received fees of £358,721 for this service (2008: £329,051). This amount is included in creditors at the year end.

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

26 Post balance sheet events

On 16 November 2009 the Company launched a new share issue in the form of a Shareholder Offer and Private Placement. The share issue closed in January 2010 having raised £4,349,660 of new equity share capital.

On 30 April 2010 the Directors declared a dividend of 3 pence per ordinary share in respect of the Company's 2009 earnings. The cost of this dividend is £443,403 (2008: £245,892).

27 Foreign currency commitments

The Company has entered into a number of forward currency contracts expiring in 2010 to hedge against currency fluctuations between the euro (€) and UK pound sterling (£). As at the year end, the Company has two such unsettled contracts to buy €5,360,000. The fair value of these unsettled contracts as at 31 December 2009 is £109,988 (2008: £nil) in favour of the counterparty. The fair value has been determined using the mark to market method.

28 Contingent liabilities

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

Under the same agreement dated 24 July 2006, Triodos Bank has issued a performance bond in the sum of £575,000 in relation to further potential deferred consideration contingent upon the outcome of an ongoing review of electricity distribution charges being undertaken by Ofgem. The maximum contingent liability of the Company is equal to the bond.

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

29 Controlling interest

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

Notes

www.triodosrenewables.co.uk

Printed on 100% recycled paper using vegetable oil based inks and 100% renewable energy