Annual Report 2012

31 December 2012

Triodos Renewables

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Registered in England and Wales no. 2978651

Contents

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

All figures correct as of 31 December 2012

Photo credits: Peter Eyres

Officers and professional advisers

Directors

Simon Roberts (Chairman)
Matthew Clayton (Executive Director)
Ann Berresford
James Vaccaro
Peter Weston
Triodos Corporate Officer Limited

Company secretary

Triodos Corporate Officer Limited

Registered office

Triodos Bank
Deanery Road
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BS1 5AS

Bankers

Triodos Bank NV
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Deanery Road
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Solicitors

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

Auditor

Deloitte LLP
3 Rivergate
Bristol
BS1 6GD

7.9 tonnes

amount of CO_2 saved per year by Triodos Renewable's average shareholder (based on 4,000 shares)

Chairman's statement

Dear Shareholders

Welcome to the 2012 Annual Report, a year which has seen significant growth in our portfolio of renewable energy-generating assets – passing the 50MW milestone early in 2013 – and the continued expansion of shareholder base – past the 5,000 mark. Our shareholders have now invested a total of £31.9m into Triodos Renewables, all of which has been deployed allowing the company to build a 54MW[1] portfolio with the potential to generate sufficient electricity to meet the needs of 35,793[2] UK homes, or a city the size of Bath[3].

As reported here, we made a profit in 2012, in spite of some challenging conditions, and directors will be recommending a modest dividend payment of 2 pence per share to this year's AGM.

This combination of portfolio growth, an expanding shareholder base, and profitable performance shows we are giving meaningful expression to the core purpose of Triodos Renewables: to give people an opportunity to take a rewarding stake in a portfolio of renewable energy projects and thus make a direct and personal investment in a low-carbon, renewable energy future.

That way, people can connect with their sources of energy and reinforce their commitment to and involvement in the social, technological and economic changes demanded by the challenges of climate change and resource scarcity. Through Triodos Renewables you can invest for positive change.

When I was appointed Chair of Triodos Renewables in June 2012, I took over from Charles Secrett who served the company with such verve and enthusiasm for nine years of sustained growth. Under his leadership, Triodos Renewables has become (to the best of our knowledge) the 'most widely owned independent' renewable energy company in the UK. We should celebrate this unique achievement. And we should look to build on it, not least because we don't believe any other energy companies share our purpose and therefore fail to make these important connections.

There remains significant need and potential to widen our ownership still further and enable more people to make the simple step to join in to make their own investment.

Our focus ahead is therefore on meeting three challenges:

- to continue to grow our shareholder base and project portfolio to give more people the opportunity to take a direct and rewarding stake in a portfolio of renewable energy projects;
- to invest wisely and promptly in new renewable energy projects, expanding and diversifying our portfolio; and
- to ensure our portfolio of projects is well-maintained and operated safely, efficiently, and profitably.

We strengthened our management team in 2012 to provide the resources, capacity and skills to meet these challenges. Early in 2013 we surveyed our shareholders, to help us understand and explore your views on your investment in Triodos Renewables. We were thrilled by the scale of the response and the willingness of so many of you to share your thoughts. We look forward to integrating the valuable insights gained from this survey into our work over the coming year.

Simon Roberts OBE
Chair of the Board of Triodos Renewables Plc

1 54MW assumes the 8MW Avonmouth Wind Project is completed this year.

2 4.266 MWh/home:DECC

3 2.4 People per dwelling:ONS, Bath's Population 84,000.

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2012.

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 number of sites in the group has grown steadily over the last few years and at the end of 2012 comprised eight operating companies, and two new acquisitions of wind farms on brownfield sites currently under construction:

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

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

Review of business

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

In March 2012 we acquired Eye Wind Direct Limited (name was changed to Triodos Renewables (Eye) Limited) – a company with planning permission to build two 2.5MW turbines on an industrial site in Eye, Suffolk. This is the second project secured through our relationship with Wind Direct, a UK onshore wind development group which specialises in merchant projects whereby a wind farm is built on a brownfield industrial site with a proportion of the green power generated being sold to the corporate owners or users of the site, enabling it to reduce both its carbon footprint and its costs, thus becoming more sustainable. Construction was ongoing in 2012 and generation commenced on 12 March 2013.

93,760

amount of green energy in MWh we generated in 2012

In November 2012 we (Triodos Renewables (Severn) Limited) signed a long-term lease with Wessex Water for four 2.05 MW turbines on an industrial site in Avonmouth, Bristol. The project was secured through a competitive tender process. Work on the site commenced in February 2013 and generation is due to start in October 2013.

The addition of the Eye and Avonmouth wind farms will increase our generating capacity by 34% from 38.3MW to 51.5MW once Avonmouth is operational (capacity equivalent 4,600 homes). Of these new wind farms Eye will benefit from the government's Feed in Tariff (FIT) scheme which was introduced in February 2010, whilst Avonmouth will qualify for the Renewables Obligation scheme introduced in the financial year 2002/2003. Selling electricity under a FIT power purchase agreement (PPA) provides access to a government-backed price for the first 20 years of operation and represents PPA diversity for the group's portfolio.

During the summer of 2012 we launched a public share issue and raised just over £3.5million through the issue of 1,866,703 shares from existing and

318 new shareholders. This takes our community of shareholders to more than 5,000. As part of the share issue, we also bought back 2,650 shares at a 10% discount to the offer price to assist liquidity. The share issue was well supported by our existing shareholders with their investment contributing to 70% of the funds raised. We are grateful for your ongoing trust and support.

Over the past seven years our shareholders have invested over £24m (£31.9m over the life of the Company) which we have put to work generating renewable electricity. In 2012 alone £9m has been placed into two projects (Eye and Avonmouth).

Since the year-end, we have also acquired a small share in a 10MW operational wind farm at Ransonmoor, Cambridgeshire. This is our first joint project with Triodos Renewable Europe Fund (based in the Netherlands) and also gives us an option to increase the shareholding to 24.9% after 30 June 2013.

Operational review

In 2012 Triodos Renewables generated a total of 93,760MWh of renewable power, equivalent to satisfying the electricity demand of 21,978 UK homes. Whilst the two newest projects, Kessingland and Dunfermline, performed in line with and above expectations respectively during their first full year of production, the portfolio generation fell by 3.1%. The main factor in this was lower generation from our two largest capacity sites at Caton Moor and Wern Ddu despite their availability increasing to an average 97.1% in 2012 (97% in 2011). Revenue weighted availability across the portfolio was 92% due to warranty issues at Ness Point and breakdown of parts at Haverigg which have been substantially recovered with insurance and warranty claims. Overall we calculate that the wind speed for our sites during 2012 was 12.6% below that predicted. Therefore, despite increasing overall capacity, generation has reduced year-on-year.

Health and safety

There were no reportable accidents or incidents in Triodos Renewables' operational activities during 2012. Recommendations from a voluntary, external health and safety review in 2011 have been implemented including the introduction of an updated policy framework and arrangements to reflect changes in our working practices and current good industry practice.

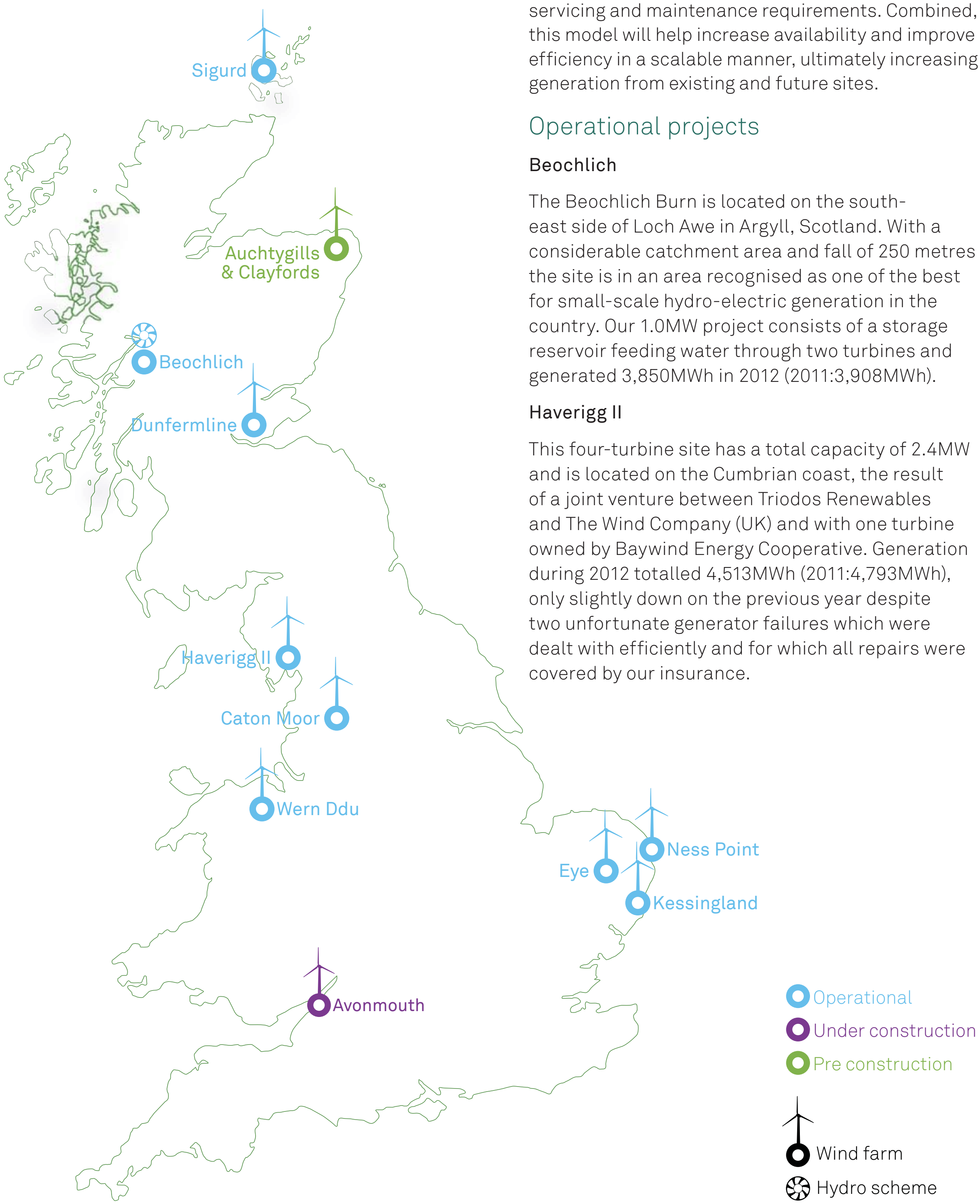
Asset management

In September 2012 we recruited an Operations Manager (himself already a Triodos Renewables shareholder) to focus on continuous improvements to safety, management and efficiency at our existing sites. We have also engaged a specialist asset management company to provide a defined scope

Comparison of 2012 generation against 2011

Site	Operational from	Generation 2012 MWh	Generation 2011 MWh	Generation change %
Beochlich	1998	3,850	3,908	(1.5%)
Haverigg II	1998	4,513	4,793	(5.8%)
Sigurd	2001	4,666	3,954	18.0%
Caton Moor	2005	40,369	47,266	(14.6%)
Ness Point	2005	3,373	5,869	(42.5%)
Wern Ddu	2010	20,560	23,466	(12.4%)
Kessingland	Jul 2011	13,551	7,137	89.9%
Dunfermline	Nov 2011	2,878	395	628.6%
		93,760	96,788	(3.1%)

Map showing Triodos Renewables renewable energy project sites



of technical and project management services and developed internal systems to centrally manage all servicing and maintenance requirements. Combined, this model will help increase availability and improve efficiency in a scalable manner, ultimately increasing generation from existing and future sites.

Operational projects

Beochlich

The Beochlich Burn is located on the south-east side of Loch Awe in Argyll, Scotland. With a considerable catchment area and fall of 250 metres the site is in an area recognised as one of the best for small-scale hydro-electric generation in the country. Our 1.0MW project consists of a storage reservoir feeding water through two turbines and generated 3,850MWh in 2012 (2011:3,908MWh).

Haverigg II

This four-turbine site has a total capacity of 2.4MW and is located on the Cumbrian coast, the result of a joint venture between Triodos Renewables and The Wind Company (UK) and with one turbine owned by Baywind Energy Cooperative. Generation during 2012 totalled 4,513MWh (2011:4,793MWh), only slightly down on the previous year despite two unfortunate generator failures which were dealt with efficiently and for which all repairs were covered by our insurance.

Sigurd

Burgar Hill in the Orkney Islands was developed as a renewable energy development centre in the 1980s and is one of the windiest onshore sites in Europe. Sigurd, Triodos Renewables' 1.3MW turbine on the site, generated 4,666MWh in 2012 which was 18% up on 2011 (3,954MWh) due to improved availability. Opportunities to repower the site, making best use of technological improvements and efficiencies since Sigurd was commissioned in 2001, are being investigated.

Caton Moor

Caton Moor is the largest site currently in Triodos Renewables' portfolio and is located in northern Lancashire, just east of Morecambe Bay. It is an open access area with eight turbines and a total capacity today of 16MW after the original wind farm, one of the first in the UK, was repowered in 2006. In 2012 the site generated 40,369MWh (2011:47,266MWh) of renewable electricity into the national grid. Due to reduced winds during the year this was lower than 2011 although availability increased from 96.7% (2011) to 97.3% (2012). The project attracts local and national interest with organised visits during 2012 by a local school and RenewableUK, the UK's wind industry trade body.

Ness Point

A local landmark in Lowestoft, on the UK's most easterly point, our Ness Point site has been nicknamed 'Gulliver' as it was the largest onshore turbine in the UK when it was erected in 2005. Triodos Renewables was disappointed with the original manufacturer's ongoing maintenance and, in 2012, appointed a new contractor to oversee operations. Generation was 3,373MWh (2011:5,869MWh) of which 25% came in November and December since the new contractor was in place, committing effort and resource to addressing a long-term fault with an electrical component.

Wern Ddu

Pronounced "Vern Thee", Triodos Renewables' Wern Ddu site consists of four turbines with a total 9.2MW capacity and is located in North Wales between Gwyddelwern and Ruthin. Significantly it is 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. In 2012 the project generated 20,560MWh (2011:23,466MWh) which was 12.4% lower than that in 2011 but over 30% greater than the annualised production of 2010. Three community funds have been established around Wern Ddu, managed by local Council officers, which benefited, among other things during 2012, community centre building improvements, youth sports coaching and playgroup materials.

Kessingland

During its first full year of operation our site at Kessingland generated 13,551MWh (2011:7,137MWh) of electricity from the two 2.05MW turbines, which was in line with expectations. The site is close to the North Sea coast and one turbine is in the grounds of an animal park attracting a large number of visitors and which has been supportive of the renewable energy initiative. Operations to date have caused a number of complaints from the closest residents relating to sound and shadow which we monitored and responded to during 2012 through the local Councils, public meetings and directly with residents. Software was fitted to alleviate shadow at certain times of day during the necessary seasons and a system for improved sound management was trialled in October and November and subsequently applied. The project is demonstrably compliant with planning conditions and we continue to engage with all stakeholders to agree a commercially practicable and responsible long-term future.

Dunfermline

Our third operational project in Scotland, the site in Dunfermline, is differentiated in that it is located on an industrial park supplying power to a manufacturing plant and then surplus into the national grid. The 1.5MW Triodos Renewables turbine became operational in November 2011 and, during its first full year of operation in 2012, generated 2,878MWh (2011:395MWh) of electricity – in excess of our projections.

Projects in construction

Eye

In a similar set-up to that at Dunfermline the project at Airfield Industrial Park, near the historic market town of Eye, will provide renewable electricity to a large commercial operation on the site helping guarantee utility costs and secure local jobs. Whilst the two wind turbines were due to become operational during 2012, a delay was caused by the late delivery of the towers by a UK manufacturer which resulted in the tower sections being delivered to site in 2013. We are pleased to confirm that turbines were connected to the grid and commenced generation in mid-March 2013. Triodos Renewables has mitigated the cost of delay through contractual arrangements.

Avonmouth

In September 2012 the company entered into Agreement for Lease with Wessex Water Limited and in November we entered into the lease. This provides us with the right to build onshore wind turbines located at Wessex Water's sewage treatment works in Avonmouth. Wessex Water has successfully secured planning consent for the project on its premises. We are delighted to work with Wessex Water on this flagship project, as our organisations share a common sustainability vision and are committed to reducing greenhouse gas emissions. The project is now under construction with energisation planned for winter 2013. Once operational, the four REpower 2.05MW wind turbines will supply 4,800 homes equivalent of green electricity directly to the grid.

Investments in sustainable energy and development companies

Marine Current Turbines Limited

In January 2012, we sold our small shareholding in Marine Current Turbines Limited (MCT). Triodos Renewables has invested £506,000 into MCT since 2007. These funds contributed to MCT's successful development and installation of a 1.2MW tidal generator (Seagen) into the coastal waters of Northern Ireland in 2008. Seagen was the world's

first commercial scale tidal generation device to be installed and has now been delivering green energy to the national grid for over four years. MCT's new owners include Siemens which is able to support the continued commercialisation of the technology including plans for deployment of 18MW of tidal farms over the coming years. Triodos Renewables' sale of its MCT shareholding for £214,255 realised a book gain of £109,711 against the 2011 carrying value in our accounts, though this was a loss against the original sum invested in 2007. We are pleased to have supported MCT at a critical stage in its development and consider the new shareholders better placed to contribute to the proliferation of this pioneering technology.

Triodos Mellinsus Projects Limited

Triodos Mellinsus Projects Limited (TMPL) is a subsidiary company, of which we own 60%. Mellinsus Projects Limited is the minority shareholder in the company. In the last few years we have been progressing two onshore wind projects through the planning system. These two projects comprise 1.6MW total capacity and are both located in Aberdeenshire in Scotland. During 2011, we finally received formal planning consent for both of these projects. During 2012 grid offers were received, with grid connection dates in 2014. We are aiming to commence the construction of both sites in 2014.

UK renewable industry outlook

A third of Britain's electricity plants will be retired by 2025[4]. The UK is committed to increasing renewable electricity generation to 15% of total UK generation by 2020. Renewable energy projects have a prominent role to play in the future energy mix.

[4] British Hydropower Association http://www.british-hydro.org/hydro_in_the_uk



RenewableUK (the renewable wind and marine industry's national association) has reported that the UK's wind capacity is already supplying electricity to the equivalent of almost five million UK households equivalent all year round, with renewable generation delivering 11.3% of the UK's electricity generation in 2012 (9.4% in 2011)[5]. The official Energy Trends figures, released by the Department of Energy and Climate Change, also show that in the last three months of 2012 a record 12.5% of the UK's electricity was generated from renewables[6]. At peak generation wind power alone now delivers up to 11%[7] of the UK's electricity demand. The independent regulator Ofgem estimates that adding on wind generating capacity to UK households costs just 2 pence per household per day (£7.30 per home per annum) and that close to 12,000 people work in the UK's wind industry. The number of jobs is set to increase to nearly 120,000 both directly and through the UK-based supply chain that is growing alongside the renewables industry[8].

In July 2012 the Government confirmed that it is to adjust the support for future renewable energy projects. Consequently the ROC banding for onshore wind is to reduce by 10% from 1 ROC[9] per MWh to 0.9 ROC per MWh. These changes will affect projects which are commissioned after March 2013. The adjustments will have no impact on Triodos Renewables' existing operational portfolio. However, our new project at Avonmouth will benefit from the 0.9 ROC per MWh support when it becomes operational later in the 2013. The change follows an extensive consultation and will further increase the sustainability of onshore wind, which is already one of the cheapest sources of renewable power. The 10% reduction in ROCs equates to a 4% reduction in the overall electricity price to be received by future projects. This will encourage the industry to focus on the most economic sites and does not impact our immediate investment pipeline.

21,978

amount of homes equivalent powered from our portfolio

The UK Government's proposed Energy Market Reform (EMR) is likely to implement further changes to the electricity sector including the way in which renewable energy projects are incentivised and how electricity from renewables is traded. Following an extensive consultation process the Government plans to phase in the new scheme from 2014 to 2017. We are confident that any changes will not affect our existing portfolio because the Government has confirmed that all existing accreditations will be grandfathered (honoured) and new accreditations for existing Renewables Obligation (RO) will be accepted up to 2017[10]. Post 2017 the new system will take over.

Financial Review

The group achieved a pre-tax profit of £843,187 for the year ended 31 December 2012 compared to a pre-tax profit of £1,385,864 last year. This result was affected by a number of factors:

- Despite additional capacity, overall generation was reduced by 3%. This was

[5] As per DECC statistics http://www.decc.gov.uk/assets/decc/11/stats/publications/dukes/5956-dukes-2012-chapter-6-renewable.pdf

[6] RenewableUK, 28 March 2013 http://www.renewableuk.com/en/news/press-releases.cfm/new-renewables-records-set-wind-energy-powers-even-more-british-homes

[7] REcharge News on Friday, September 14 2012 http://www.rechargenews.com/energy/wind/article322945.ece

[8] Friends of the Earth and RenewableUK http://www.foe.co.uk/resource/briefings/onshore_wind_briefing0.pdf

[9] An ROC (Renewable Obligation Certificate) is the green certificate issued for eligible renewable electricity generated within the UK. The default is that one ROC is issued for MWh of eligible renewable output. To date onshore wind projects receive 1 ROC per MWh. An ROC has a market value as all suppliers in the UK are obliged to purchase a certain amount of ROCs per year.

[10] DECC November 2012, Electricity Market Reform Policy Overview Report

	Non-statutory performance, adjusted to remove the impact of ROC price reduction		Per statutory reporting	
	2012	2011	2012	2011
Turnover	8,713,038	7,460,694	8,255,038	7,918,694
Operating profit	2,769,039	2,702,113	2,311,039	3,160,113
Profit before tax	1,301,187	927,864	843,187	1,385,864

the result of reduced wind speeds of 12.6% and operational issues at Ness Point and Haverigg. On both sites where operational issues were experienced the lost revenue was substantially recovered with warranty and insurance claims.

- The previous Poyry[11] estimates for ROC recycle values[12] were found to be significantly lower than originally expected (down from £10.10 per ROC to £3.38. per ROC. This reduced revenues on our largest sites, Caton Moor and Wern Ddu, by £458,000 which had been largely recognised in 2011, and hence reversed in 2012. Above is a summary of the results adjusted for the effect of ROC recycle reduction.

Therefore on an adjusted basis, profit in 2012 was £1,301,187 which is a growth in profitability of 40% compared to the £927,864 adjusted position for 2011.

- Higher wholesale electricity prices negotiated across the portfolio saw prices increase by 7% from April 2012 which has been locked in to March 2013. Prices from March 2013 have now been locked in until March 2014.

11 Poyry is an energy consultancy providing energy pricing forward curves.

12 Under the Renewables Obligation all suppliers of electricity in the UK are obliged by law to supply 10% of their electricity from renewable sources by 2010 and 15% by 2015. Those who fail to meet these targets have to pay a penalty and the money is paid to those suppliers who exceed the targets; the receipt by renewable projects of the penalties collected are described as ROC recycle. This is paid retrospectively, hence the reliance on forecast values.

- Cost of sales includes land rental, operational maintenance and depreciation costs, which are largely fixed costs in nature. As a result the increased capacity has increased the fixed costs resulting in a reduced gross profit margin (55.5% to 46.8%) due to the revenue factors above.
- Administration costs have increased from £1,233,375 to £1,551,119 as a result of increased rates, insurance and operational management costs linked with increased capacity. In addition, 2011 was reduced due to offset by £102,022 of exchange rate gains compared to exchange rate losses of £11,493 in 2012.
- Interest payable reduced from £1,779,105 in 2011 to £1,640,725 as a result of repayment of mezzanine loans in December 2011.
- 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 shown at the top of page 12.

At 31 December 2012, the group held £8,238,580 of cash - compared to £9,687,566 last year. The group's net debt at 31 December 2012 was £22,054,572, an increase of £2,000,603 over the previous year. Additional debt financing raised to fund new renewable assets was partially offset by the term repayments of project loans. The ratio of net debt to fixed assets at 31 December 2012 was 39.3% compared to 43.2% in 2011.

Following a satisfactory financial and operating performance in 2012 and another successful share issue during the year, the directors consider that the company remains in a strong financial position to progress in the future.

Turnover summary by operating site

Project	Date acquired	Year 2012 £'000	Year 2011 £'000	Year 2010 £'000	Year 2009 £'000	Year 2008 £'000
Beochlich	1998	**335**	**243**	207	248	252
Haverigg II	1998	**360**	**280**	208	317	353
Ness Point	June 2005	**580**	**485**	574	590	677
Caton Moor	September 2006	**3,030**	**3,790**	2,305	4,117	4,154
Sigurd	September 2006	**206**	**185**	172	198	168
Wern Ddu	October 2009	**1,744**	**2,129**	1,010	-	-
Kessingland	May 2010	**1,528**	**746**	-	-	-
Dunfermline	March 2011	**472**	**61**	-	-	-
		8,255	7,919	4,476	5,470	5,604

Dividends

The recommended dividend of 4p per share for 2011 was paid in August 2012. Based on the reduced profitability in the year the directors recommend a dividend of 2p per share for payment in 2013.

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 issues to fund the Company's growth. This is consistent with our approach to date and endorsed by feedback from the recent shareholder survey.

Measuring impact

Measuring the environmental and social impact of our renewable energy assets alongside the financial performance allows shareholders to see the positive impact that their investment is making beyond the financial rewards.

Environment

Triodos Renewables' energy projects are contributing to the Government's commitment to supply 15% of the UK's energy demand from renewable sources by 2020. During the year our renewable energy portfolio generated 93,760MWh (2011:96,788MWh). This is equal to offsetting approximately 40,300 tonnes of CO_2 (2011:41,619 tonnes), which translates to 7.9 tonnes of CO_2 saving per year per average shareholder (based on 4,000 shares) and is slightly higher than the UK national average CO_2 emissions per person at 7.6 tonnes (2011: 8.6 tonnes based on 3,787 shares per average holdings).

4,960

In 2012 our portfolio generated enough energy to drive around the Earth 4,960 times

Social impact

7.7% of our overall turnover is distributed locally in the local economies where our projects are located. This comprises the payments of land rentals, business rates and community benefits. In addition at two of our sites – Eye and Dunfermline - we sell the electricity directly to the local businesses thus providing them with green, cheaper electricity, and protecting local jobs. We also use local contractors where possible.

At our Wern Ddu site we make a direct contribution of £10k per annum into a local community fund. The communities put the funds to good use in the local area, spending it on projects that will benefit their local community. Some examples of how the 2012 funds were spent are: contributing towards renovating a community centre, provision of new football kits and equipment for children's football teams and paying for professional artists to hold workshops in the community for primary age children.

In Kessingland, where there have been some concerns raised by members of the community, we've invested in equipment to mitigate the shadow issues and curtail sound beyond what is required by the planning regulations.

Shareholder survey

Following from conversations at the AGM and other feedback from our shareholders we decided to conduct a shareholder survey to provide the Board and Management Team with insight on your motivations, priorities and views on the Company's performance, approach and plans. We are very grateful to have received 1,644 completed questionnaires representing 32% of shareholders and pleased that 94% of recipients are satisfied with Triodos Renewables' work with renewable energy.

Matched Bargain Market

In response to comments from our shareholders at last year's AGM, we have made changes to the Matched Bargain Market (MBM) for trading shares in the company. The MBM service is offered to allow you to register your interest in buying or selling shares at any time. The Capita Share Dealing Service provides a transparent and secure basis for share trading with enhanced visibility of shares available on the MBM. In addition to this Triodos Renewables will also feature on the Ethex Investment Club Limited website. Ethex is a new initiative which seeks to provide a platform for ethical companies and likeminded investors. We hope that Triodos Renewables presence on Ethex will allow the company to increase the number of individuals for whom we can provide a rewarding connection between investment and sustainable energy.

Shareholder survey results

In February 2013 we carried out a shareholder survey. There was an excellent response, with 32% of shareholders responding to the survey. The key findings from the survey were:

- The vast majority of respondents were happy with the current portfolio and strategy;
- Most were happy with the low-risk technology approach but there is an expectation for "controlled" risk providing it's not to the detriment of the wider portfolio;
- For most, environmental and social reasons were important motivators for investing, alongside the financial returns; and
- On the whole, shareholders are happy with the frequency, amount and content of information provided to them. A mixture of formats was liked (hard and electronic) with most preferring hard copies for the larger documents such as Annual Reports and Prospectuses.

Some shareholder comments from the survey:

"One of the main reasons [for investing] was an investment which would pass to my grandchildren and involve them in thinking more of renewable energy."

"Stick to the original values and keep investing in collaborative small-scale projects."

"Small though my contribution is - I wanted to support something which I thought/think is essential for the future."

"I particularly like the emphasis on brownfield sites for wind turbines."

"While in general the low-risk /mature technology approach is sensible, I would like to see some invested in higher-risk ventures especially wave/tidal and new biofuels."

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 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 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, we continue to adopt the going concern basis in preparing the annual report and accounts.

Financial risk management objectives and policies

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

Price risk

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

Interest rate risk

Triodos Renewables utilises a mixture of debt and equity to finance growth in the portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations.

The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long-term loans are subject to fixed interest rates which eliminate exposure to interest rate increases.

Credit risk

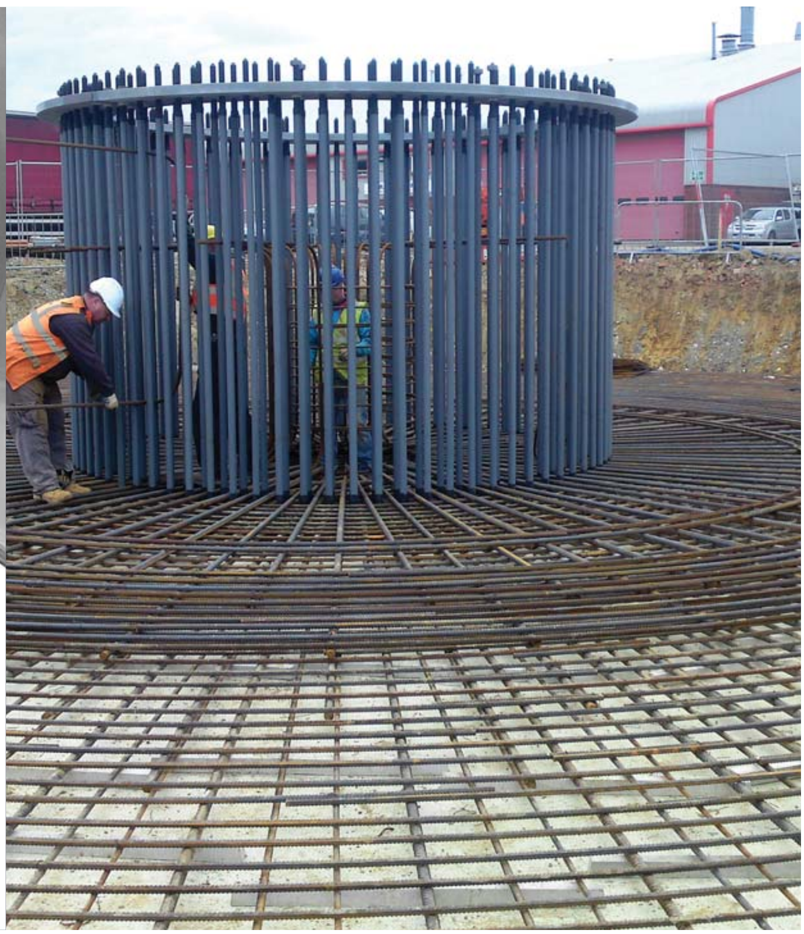
In the event of default by a customer, significant financial loss could arise. However, Triodos Renewables will normally only consider entering into power purchase agreements for the sale of its electricity with utility companies or Government-backed contracts. With merchant projects such as Dunfermline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

Foreign exchange risk

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

Operating risk

The generation of electricity involves mechanical and electronic processes which may fail under certain conditions, leading to loss of revenues and repair or replacement costs. Triodos Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level



of availability for between 5 and 15 years and there will normally be a fixed price or index to production for the provision of operations and maintenance. We also buy specialist insurance to seek to mitigate against any losses.

Government policy

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

Payment policy

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

822,456,140

amount of 1 litre kettles boiled by power generated by our portfolio.

Directors

The directors of the company, who served throughout the current year and subsequently, are as shown on page 2.

Emma Howard Boyd resigned as a director on 19 June 2012. Charles Secrett resigned as a director on 7 December 2012. Simon Roberts OBE has replaced Charles Secrett as the company's chairman from 19 June 2012.

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	2012	2011
Matthew Clayton	600	300
Ann Berresford	-	-
Simon Roberts	500	-
James Vaccaro	300	300
Peter Weston	-	-

Auditor

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

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

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

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

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

Secretary

Board of Directors, Management and Administration

During the year, there were three changes to the Board. Following nine years as a Non-Executive Director, Emma Howard Boyd decided to retire and the Board would like to thank her for her invaluable support over the past nine years. In June 2012 Charles Secrett stood down as Chairman and was replaced by Simon Roberts. Following this after nine years of outstanding contribution Charles resigned as a director in December 2012.

Board of Directors

Simon Roberts OBE - Chairman

Simon has spent more than 25 years helping people, organisations and policy-makers to change the way they think and act on energy. For the last 11 years he has been Chief Executive of the Centre for Sustainable Energy, one of the UK's leading energy charities, providing energy advice to the public, supporting communities to take action, and undertaking research and policy analysis for government. Prior to this, he was a senior manager at Triodos Bank (1998-2002) and Managing Director of Triodos Renewables (formerly The Wind Fund plc) until 2002.

Simon is a specialist adviser to Ofgem and sits on its Consumer Challenge Group, examining the issues associated with developing energy networks fit for a low-carbon future. He also advises the Department of Energy and Climate Change on a number of issues and was a member of the Government's Renewables Advisory Board (2002-2010) where he led its work on community engagement. Simon was elected a Fellow of the Energy Institute in 2007 and was awarded an OBE for services to the renewables industry in the 2011 Queen's Birthday Honours.

Matthew Clayton - Executive Director

Matthew has worked in the Triodos Renewables team since 2006 and undertakes the management of Triodos Renewables plc and leads the project development, construction and operation of its portfolio. In his former role as Operations Director, Matthew oversaw the growth of the company from 6MW to 42MW. 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.

Ann Berresford – Non-Executive Director

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

James Vaccaro - Non-Executive Director

James is Head of Market & Corporate Development for Triodos Bank NV- an international role covering all of the business units within the Triodos Group, leading on their external engagement with customers, stakeholders, partners and the public. Since joining Triodos Bank NV in its early days in the UK, James has managed equity investments and project finance for renewable energy projects; advised on bond issues and share offers for leading social enterprises including Ecotricity, Ethical Property Company and Cafédirect; worked as an analyst for microfinance institutions in Asia and Africa; and managed equity investments in a range of early-stage businesses in the organic food, recycling and environmental technology sectors. In 2005, he started Triodos Bank NV's investment activity in the UK and was Managing Director of Investment Management (incorporating Corporate Finance and Fund Management). James was also the Managing Director of Triodos Renewables plc from 2005 to 2011 and was a director of a significant Shareholder in Walney, the world's largest operational offshore wind farm.

Peter Weston – Non-Executive Director

Peter has more than 17 years experience working in the energy and renewable markets as an investor, lender and strategic adviser. He is currently Global Head of Finance & Investment at MAN Diesel & Turbo, one of the leading engine suppliers for flexible and decentralised power plants. Prior to this he was global head of financing at Siemens Wind, a manufacturer of wind turbines. He led the energy lending division of GE Capital in Europe (2007-2010) and was an executive director for Westdeutsche Landesbank's energy group (2001-2007). He was Business Development Manager at US energy trader Aquila (1999-2001) and established the European energy consulting business for a subsidiary of Osaka Gas (1995-1999). Previously he was a journalist for Euromoney and the Financial Times.

Triodos Corporate Officer Limited – Non-Executive Director

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

Executive Management Team

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

Matthew Clayton – Executive Director

See above in the Board section

Katrina Cross - Finance Director

Katrina joined the bank in 2012 as Head of Finance and Operations for Investment Management UK which provides the financial and administrative support functions to Triodos Renewables and investment funds managed by the bank. 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 Triodos, 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 at Triodos enables Katrina to work towards providing robust financial returns to investors whilst delivering strong social and environmental benefit.

Monika Paplaczyk - Investment Manager

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

Adrian Warman – Operations Manager

Adrian joined 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 & Safety, systems development, resource management and logistics. Prior to joining Triodos 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.



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;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

We have audited the financial statements of Triodos Renewables Plc for the year ended 31 December 2012 which comprise Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Nigel Thomas (Senior statutory auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

Consolidated profit and loss account year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	**8,255,038**	**7,918,694**
Cost of sales		(4,392,880)	(3,525,206)
Gross profit		**3,862,158**	**4,393,488**
Administrative expenses		(1,551,119)	(1,233,375)
Operating profit	3	**2,311,039**	**3,160,113**
Gain on disposal of investments	11	119,549	-
Interest receivable and similar income		53,324	4,856
Interest payable and similar charges	5	(1,640,725)	(1,779,105)
Profit on ordinary activities before taxation		**843,187**	**1,385,864**
Tax on profit on ordinary activities	6	(330,387)	(627,872)
Profit on ordinary activities after taxation		**512,800**	**757,992**
Minority interests		6,648	9,220
Profit for the financial year	18	**519,448**	**767,212**

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 and the prior financial year. Accordingly no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	39,127,345	30,925,112
Intangible assets	10	16,909,359	15,763,525
Investments	11	-	104,544
		56,036,704	**46,793,181**
Current assets			
Debtors	12	6,037,743	5,645,235
Investments	11	74,000	70,000
Cash at bank and in hand		8,238,580	9,687,566
		14,350,323	**15,402,801**
Creditors: amounts falling due within one year	13	(10,264,518)	(6,843,267)
Net current assets		4,085,805	8,559,534
Total assets less current liabilities		60,122,509	55,352,715
Creditors: amounts falling due after more than one year	14	(27,847,744)	(26,532,002)
Provisions for liabilities	16	(2,003,750)	(1,690,611)
Net assets		**30,271,015**	**27,130,102**
Capital and reserves			
Called up share capital	17	10,019,970	9,087,945
Share premium account	18	20,332,703	17,909,580
Profit and loss account	18	(52,144)	155,443
Equity shareholders' funds		**30,300,529**	**27,152,968**
Minority interests		(29,514)	(22,866)
Capital employed	19	**30,271,015**	**27,130,102**

The financial statements of Triodos Renewables Plc, registered number 02978651, were approved by the Board of Directors and authorised for issue on 9 May 2013.

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Company balance sheet at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	11	11,348,047	9,337,639
		11,348,047	9,337,639
Current assets			
Debtors	12	26,156,113	19,257,103
Investments	11	74,000	70,000
Cash at bank and in hand		1,011,804	6,261,359
		27,241,917	**25,588,462**
Creditors: amounts falling due within one year	13	(7,628,882)	(8,002,213)
Net current assets		19,613,035	17,586,249
Total assets less current liabilities		30,961,082	26,923,888
Creditors: amounts falling due after more than one year	14	(559,047)	(650,000)
Net assets		**30,402,035**	**26,273,888**
Capital and reserves			
Called up share capital	17	10,019,970	9,087,945
Share premium account	18	20,332,703	17,909,580
Profit and loss account	18	49,362	(723,637)
Shareholders' funds	19	**30,402,035**	**26,273,888**

The financial statements of Triodos Renewables Plc, registered number 02978651, were approved by the Board of Directors and authorised for issue on 9 May 2013.

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Consolidated cash flow statement year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	20	5,101,246	2,724,218
Returns on investments and servicing of finance			
Sale of investment		224,093	-
Interest received		53,324	4,856
Interest paid		(1,640,725)	(1,779,105)
Net cash outflow from returns on investments and servicing of finance		**(1,363,308)**	**(1,774,249)**
Taxation			
Corporation tax paid		-	-
Capital expenditure and financial investment			
Payments to acquire tangible and intangible fixed assets		(6,076,359)	(7,863,899)
Increase in current asset loan		(4,000)	-
Net cash outflow from capital expenditure and financial investment		**(6,080,359)**	**(7,863,899)**
Acquisitions and disposals			
Payments to acquire subsidiary undertakings		(2,216,296)	(767,696)
Net cash outflow before use of liquid resources and financing		**(4,558,717)**	**(7,681,626)**
Financing			
New share capital		3,546,730	6,471,949
Share capital bought back		(4,532)	(323,597)
Share issue costs		(187,050)	(525,898)
Bank loans		3,762,151	7,710,000
Equity dividends paid		(727,035)	(34)
Repayment of borrowings		(3,280,533)	(4,773,546)
Net cash inflow from financing		**3,109,731**	**8,558,874**
Net movement in cash and cash equivalents	21,22	**(1,448,986)**	**877,248**

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.

The consolidated profit and loss account includes a reclassification of an inter-company interest recharge in 2011. The effect of this change is to increase administration expenses and decrease interest payable by £360,000 for 2011.

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 2012. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. The directors have also taken advantage of the exemption granted by the Companies Act 2006 to omit the company profit and loss account from these financial statements.

Current asset investments

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

Investments

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

Tangible fixed assets

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

Land and buildings: 4% per annum

Plant and machinery: 5% per annum

Assets under construction are not depreciated.

Intangible fixed assets and goodwill

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

Power purchase agreements and goodwill: 5% per annum

Intangible assets - development costs

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

Turnover

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

Taxation

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

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

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

Foreign exchange

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

Leases

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

Pension costs

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

2. Segmental analysis

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

3. Operating profit

	2012 £	2011 £
Operating profit is after charging/(crediting):		
Auditor's remuneration:		
- audit of the parent company accounts	11,286	10,500
- audit of subsidiary accounts	30,714	22,500
- tax and other services	49,684	40,063
Depreciation	2,009,647	1,633,419
Amortisation	1,060,936	950,357
Foreign exchange losses/(gains)	11,493	(102,022)
Operating leases:		
- plant and machinery	-	6,217
- other	272,203	246,770

A fee of £nil (2011 - £25,000) was paid to the group's auditor for services relating to the share issue during 2011. These costs have been included as share issue costs and hence have not been included in arriving at operating profit.

4. Information regarding directors and employees

	2012 £	2011 £
Group and company		
The remuneration of directors was as follows:		
Directors' emoluments	29,703	34,323

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

	2012 £	2011 £
Co-worker costs were as follows:		
Wages and salaries	12,159	40,804
Social security costs	1,458	4,629
Other pension costs	640	4,012
	14,257	49,445

During 2012 the average number of coworkers employed was one (2011 - one). Under the terms of the 'Provision of Fund Management Services Agreement', Triodos Bank is responsible for the fund management and the administrative running of the company.

5. Interest payable and similar charges

	2012 £	2011 £
Bank loans	1,590,793	1,777,975
Other loans	49,932	1,130
	1,640,725	1,779,105

Other loan interest has been changed in 2011 due to a reclassification of inter-company loan interest recharge as explained in note 1.

6. Tax on profit on ordinary activities

	2012 £	2011 £
(a) Analysis of charge in year		
United Kingdom corporation tax:		
Current tax on income for the year at 24.5% (2011 – 26.5%)	17,248	-
Deferred taxation:		
Origination and reversal of timing differences	460,148	653,856
Adjustments in respect of previous years	43,497	101,544
Effect of decreased tax rate on opening liability	(189,749)	(145,030)
Movement in discount	(757)	17,512
Total deferred tax charge	313,139	627,882
Tax on profit on ordinary activities	330,387	627,882

	2012 £	2011 £
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	843,187	1,385,864

	2012 £	2011 £
Profit on ordinary activities at standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	206,581	367,254
Effects of:		
Expenses not deductible for tax purposes	302,369	287,503
Difference between capital allowances and depreciation	(459,904)	(625,393)
Utilisation of tax losses	1,629	(29,364)
Movement in short-term timing differences	(256)	-
Effect of small companies rate	(3,882)	-
Income not taxable for tax purposes	(29,289)	-
	17,248	-

The forthcoming changes in the corporation tax rate to 20% by 2015 are not expected to materially affect the future tax charge.

7. Dividends

	2012 £	2011 £
Dividends	Dividends	-
Final dividend paid 4p (2011 - £nil) per ordinary share	727,035	-

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 £1,500,034 (2011 - loss of £678,017). The profit for 2012 included £2,000,000 (2011 - £nil) of dividends receivable from subsidiary companies.

9. Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Under construction £	Total £
Cost				
At 1 January 2012	325,000	38,663,372	-	38,988,372
Additions	-	580,172	9,631,708	10,211,880
At 31 December 2012	325,000	39,243,544	9,631,708	49,200,252
Accumulated depreciation				
At 1 January 2012	180,492	7,882,768	-	8,063,260
Charge for the year	15,175	1,994,472	-	2,009,647
At 31 December 2012	195,667	9,877,240	-	10,072,907
Net book value				
At 31 December 2012	**129,333**	**29,366,304**	**9,631,708**	**39,127,345**
At 31 December 2011	144,508	30,780,604	-	30,925,112

10. Intangible fixed assets

Group	Goodwill £	Development costs £	Power purchase agreement £	Total £
Cost				
At 1 January 2012	19,387,271	393,722	279,975	20,060,968
Additions	2,216,296	-	-	2,216,296
Disposals	-	(9,526)	-	(9,526)
At 31 December 2012	21,603,567	384,196	279,975	22,267,738
Accumulated depreciation				
At 1 January 2012	4,192,586	-	104,857	4,297,443
Charge for the year	1,046,939	-	13,999	1,060,936
At 31 December 2012	5,239,525	-	118,856	5,358,379
Net book value				
At 31 December 2012	16,364,044	384,196	161,119	16,909,359
At 31 December 2011	15,194,685	393,722	175,118	15,763,525

The additions to goodwill during the year are as follows:

	£
Triodos Renewables (Dunfermline) Limited	368,563
Triodos Renewables (Kessingland) Limited	7,089
Triodos Renewables (Eye) Limited	1,739,290
Triodos Renewables (Caton Moor) Limited	101,354
	2,216,296

Additions is relation to Dunfermline, Kessingland and Caton Moor relate to earn out payments due following the successful close out of conditions relating to Company sales. The addition related to Eye is for the acquisition of a new subsidiary (as explained in Note 11).

11. Fixed asset investments

Group - other investments at cost	**£**
At 1 January 2012	104,544
Disposals	(104,544)
As at 31 December 2012	
Company - investments in subsidiary undertakings and other investments at cost	**£**
Balance brought forward	9,337,639
Additions	2,114,952
Disposal	(104,544)
Balance at 31 December 2012	11,348,047

Acquisition of subsidiary undertaking

On 6 March 2012 the Company acquired 100 per cent of the issued share capital of Eye Airfield (Wind Direct) Limited (subsequently renamed Triodos Renewables (Eye) Limited) for cash consideration of £1,739,300.

Eye Airfield (Wind Direct) Limited is a party to certain agreements connected with the development of a wind farm on the site.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £	Fair value to Group £
Current assets		
Debtors	10	10
Total assets	10	10
Net assets	10	
Goodwill		1,739,290
		1,739,300
Satisfied by		
Shares issued		10
Cash consideration		1,739,290
		1,739,300

Agreements related to a wind farm at Eye Airfield are recognised at £nil cost on the balance sheet of the acquired entity. On acquisition the surplus consideration has been attributed to goodwill rather than separable intangibles.

Eye Airfield (Wind Direct) Limited recorded a profit after taxation of £547 in the year ended 31 December 2012, all of which arose in the period after acquisition on 6 March 2012. The company did not trade prior to acquisition.

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

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

During the year two new subsidiaries were added to the Group. In March 2012 Triodos Renewables plc purchased the entire share capital of Eye Airfield (Wind Direct) Limited, as described above. In September 2012 Triodos Renewables (Severn) Limited was formed as a new company in order to invest a new wind farm at Avonmouth. Triodos Renewables (Severn) Limited has subsequently entered into a lease with Wessex Water to begin development of the site.

The additions to the company's subsidiary undertakings during the year are as follows:

	£
Triodos Renewables (Dunfermline) Limited	368,562
Triodos Renewables (Kessingland) Limited	7,089
Triodos Renewables (Eye) Limited	1,739,300
Triodos Renewables (Severn) Limited	1
	2,114,952
Current asset investments – Group and Company	£
Loan to Mellinsus Renewables Limited as at 1 January 2012	70,000
New loan to Mellinsus Renewables Limited	4,000
As at 31 December 2012	74,000

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

12. Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	359,773	1,622,387	6,384	-
Amounts owed by group undertakings	-	-	24,696,103	18,090,283
Corporation tax	-	416	440	440
Other debtors	-	86,062	6,193	111,909
Prepayments and accrued income	4,694,605	3,936,370	1,389,565	1,054,471
Taxation and social security	983,365	-	57,280	-
Deferred tax amount	-	-	148	-
	6,037,743	5,645,235	26,156,113	19,257,103

13. Creditors: amounts falling due within one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans (see note 15)	2,445,408	3,279,533	90,953	1,250,566
Trade creditors	3,818,697	933,891	81,083	100,000
Other creditors	578,052	576,629	576,437	576,629
Corporation tax	16,831	-	-	-
Taxation and social security	-	261,574	-	542,959
Accruals and deferred income	3,398,527	1,784,637	1,962,755	776,631
Amounts owed to group undertakings	-	-	4,910,651	4,748,425
Dividends payable	7,003	7,003	7,003	7,003
	10,264,518	**6,843,267**	**7,628,882**	**8,002,213**

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

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans (see note 15)	27,847,744	26,532,002	559,047	650,000

15. Borrowings

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts				
Amounts payable				
- due within one year	2,445,408	2,279,533	90,953	250,566
- due after more than one year	27,847,744	26,532,002	559,047	650,000
	30,293,152	**28,811,535**	**650,000**	**900,566**
Other loans				
Amounts payable				
- due within one year	-	**1,000,000**	-	**1,000,000**
Analysis of loan repayments				
Bank loans and overdrafts				
- within one year	2,445,408	2,279,533	90,953	250,566
- within one to two years	2,581,607	2,229,176	97,245	90,953
- within two to five years	8,085,389	7,014,647	334,458	312,649
- after five years	17,180,748	17,288,179	127,344	246,398
	30,293,152	**28,811,535**	**650,000**	**900,566**
Analysis of loan repayments				
Other loans				
- within one year	-	1,000,000	-	1,000,000

At 31 December 2012, bank loans comprise £30,293,152 of which £12,251,444 bears interest at a fixed rate of 6.75%, £765,000 bears interest at a fixed rate of 5.57%, £5,250,000 bears interest at a fixed rate of 5.47%, £2,600,000 bears interest at a fixed rate of 5.03% and £2,440,000 bears interest at a fixed rate of 4.93%. The remaining £6,986,708 bears interest on variable rates. All bank loans are held with Triodos Bank and are secured by first fixed and floating charges on the fixed assets of the subsidiary companies.

16. Provisions for liabilities

	Balance at 1 January 2012 £	Charge to profit and loss account £	Balance at 31 December 2012 £
Group			
Deferred taxation	1,690,611	313,139	2,003,750

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

	2012 £	2011 £
Accelerated capital allowances	2,456,388	2,115,221
Tax losses carried forward	(133,868)	(138,332)
Discount	(293,723)	(286,278)
Short-term timing differences	(31,730)	-
Adjustments in respect of previous periods	6,686	-
	2,003,750	**1,690,611**

17. Called up share capital

	2012 No.	2012 £	2011 No.	2011 £
Allotted, called up and fully paid				
Ordinary shares of £0.50 each	20,039,936	10,019,968	18,175,886	9,087,943
'A' ordinary shares of £2 each	1	2	1	2
	20,039,937	10,019,970	18,175,887	9,087,945

During the year, the company undertook a share issue in which it raised £3,546,730 (before costs) through the issue of 1,866,700 Ordinary shares of 50p each at a premium of £1.40 per share. As part of the share issue terms, the company bought back 2,650 shares of 50p each at a premium of £1.21 per share.

Rights attached to shares

The 'A' ordinary share has the right:

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

18. Statement of movements on reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2012	17,909,580	155,443
Profit for the financial year	-	519,448
Shares issued (net of issue costs and redemptions)	2,423,123	-
Dividends paid	-	(727,035)
At 31 December 2012	**20,332,703**	**(52,144)**
Company		
At 1 January 2012	17,909,580	(723,637)
Profit for the financial year	-	1,500,034
Dividends paid		(727,035)
Shares issued (net of issue costs and redemptions)	2,423,123	-
At 31 December 2012	**20,332,703**	**49,362**

19. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Group		
Profit for the financial year	519,448	767,212
Dividends paid	(727,035)	-
New share capital subscribed (net of issue costs and redemptions)	3,355,148	5,622,455
Net increase in shareholders' funds	3,147,561	6,389,667
Opening shareholders' funds	27,152,968	20,763,301
Closing shareholders' funds (excluding minority interests)	30,300,529	27,152,968
Minority interests	(29,514)	(22,866)
Closing shareholders' funds	**30,271,015**	**27,130,102**
Company		
Profit/(loss) for the financial year	1,500,034	(678,017)
Dividends paid	(727,035)	-
New share capital subscribed (net of issue costs and redemptions)	3,355,148	5,622,454
Net increase in shareholders' funds	4,128,147	4,944,437
Opening shareholders' funds	26,273,888	21,329,451
Closing shareholders' funds	**30,402,035**	**26,273,888**

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

	2012 £	2011 £
Operating profit	2,311,039	3,520,113
Increase in debtors	(392,508)	(3,364,222)
Increase in creditors	112,132	344,551
Depreciation and amortisation	3,070,583	2,583,776
Net cash inflow from operating activities	**5,101,246**	**3,084,218**

21. Analysis of net debt

	At 1 January 2012 £	Cash flow £	Other non-cash changes £	At 31 December 2012 £
Cash at bank and in hand	9,687,566	(1,448,986)	-	8,238,580
Bank loans and other loans falling due within one year	(3,279,533)	3,280,533	(2,446,408)	(2,445,408)
Bank and other loans falling due after more than one year	(26,532,002)	(3,762,150)	2,446,408	(27,847,744)
Current asset investment	70,000	4,000	-	74,000
Net debt	**(20,053,969)**	**(1,926,603)**	**-**	**(21,980,572)**

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

	2012 £	2011 £
Increase in current asset investment	4,000	-
(Decrease)/increase in cash at bank in the year	(1,448,986)	877,248
Increase in debt	(481,617)	(2,936,454)
Change in net debt resulting from cash flows	(1,926,603)	(2,059,206)
Net debt at 1 January	(20,053,969)	(17,994,763)
Net debt at 31 December	**(21,980,572)**	**(20,053,969)**

23. Capital commitments

	2012 £	2011 £
At 31 December, the group was committed to the following capital expenditure	8,823,812	-

24. Operating lease commitments

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

	Land and buildings	
	2012 £	2011 £
Operating leases which expire:		
- after more than five years	181,650	181,650

25. Related party transactions

Under the terms of the 'Agreement for the Provision of Management Services' Triodos Bank is responsible for the management and the administrative running of the company. During the year, Triodos Bank received fees of £470,000 for this service (2011 - £555,000). This amount is included in creditors at the year-end.

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

The company has a loan of £74,000 due from Triodos Mellinsus Projects Limited, in which the company owns 60% of the issued ordinary shares.

26. Post balance sheet events

Fenpower Limited (owner of Ransonmoor wind farm)

On 28 February 2013 Triodos Renewables jointly with Triodos Renewables Europe Fund acquired a 49.8% stake in Ransonmoor wind farm in Cambridgeshire. For Triodos Renewables Europe Fund, a renewables fund managed by Triodos Investment Management in the Netherlands, this is the first investment it has made in the UK renewables market and the first co-investment with Triodos Renewables.

Ransonmoor is a five-turbine, 10MW onshore wind farm which has been operating since 2007. Investment into the operational wind farm has many benefits including the immediate delivery of environmental and financial returns to our shareholders. The investment in the joint venture wind farm strengthens relationships with the co-investors and develops relationships with new debt providers which are important to sustain our growth. The funds raised by EcoGen Limited which developed the project with the landowner will be redeployed into another 10MW wind farm development, thus supporting the growth in renewable energy. The co-investment between Triodos-managed entities is a new model of collaboration which we consider very positive in supporting sustainable growth and performance. This may be a robust means of increasing diversity both in terms of technology and geography we consider to be beneficial.

Triodos Renewables' share in the wind farm is 0.79% (for a consideration of £58,878) stake and we have the option to acquire further shares and eventually own up to 24.9% that can be exercised from 30 June 2013 onwards.

27. Contingent liabilities

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

Under the same agreement dated 24 July 2006, the company may be required to pay further potential deferred consideration contingent upon the outcome of an ongoing review of electricity distribution charges being undertaken by Ofgem. The maximum contingent liability of the company is capped at £575,000. This was paid in 2013.

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

28. Controlling interest

Through its holding of the 'A' ordinary share, the directors consider Triodos Ventures BV to be the company's controlling party.

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