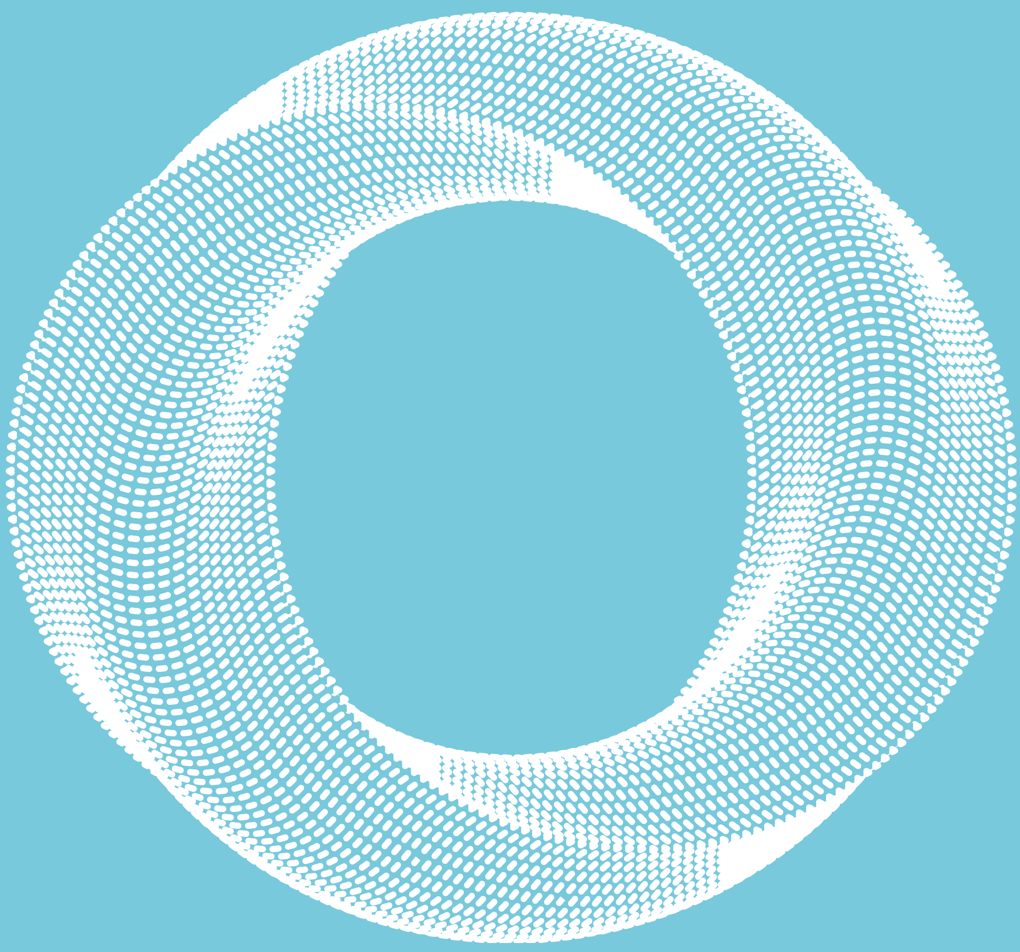
THRIVE RENEWABLES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

2020

THRIVE
RENWABLES PLC

WWW.THRIVERENEWABLES.CO.UK



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

Simon Roberts (Chair)
Matthew Clayton (Managing Director)
Peter Weston
Katie Gordon
Colin Morgan
Tania Songini
Charles Middleton
Katrina Cross (Finance Director)
Monika Paplaczyk (Investment Director)
– appointed 29 January 2021

COMPANY SECRETARY

Katrina Cross

REGISTERED OFFICE

Thrive Renewables Plc
Deanery Road
Bristol
BS1 5AS

BANKERS

Triodos Bank
Deanery Road
Bristol
BS1 5AS

SOLICITORS

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
EX2 5WR

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

CHAIR'S STATEMENT

Dear Shareholder

Thrive Renewables is in the very fortunate position of being able to report a successful year in 2020. The executive team and our contractor partners have shown great resilience and pulled together to keep the turbines turning, helping to keep the lights on and the country running. However, we have been acutely aware of the personal and economic suffering that has hit so many so hard. We have responded to this by adapting and enhancing our Community Benefit Programme to provide immediate relief for those particularly badly hit by the pandemic in the communities which host our wind farms.

Investments continued apace, including our first battery storage project and two pipelines of solar projects, including community solar rail pioneer, Riding Sunbeams Apollo ltd. Our portfolio is becoming more diverse and reflects the changes that need to happen to make our energy system cleaner and smarter to support the Net Zero transition. In addition, we are pleased to report that Loch a'Bhraoin, a new hydro project which we helped fund, was completed and is now up and running. We have secured agreement for a 10 year extension to the working life of Haverigg II wind farm, one of our first investments. Development continues at United Downs, the UK's first deep geothermal electricity generation project and Chapelton wind farm and we look forward to seeing construction commence.

When we are able to reflect more deeply on events, we may well conclude that 2020 was the year that renewables and the need to achieve net zero carbon emissions became mainstream. More and more economists, fund managers, insurers, commentators and even central bankers went on the record saying climate risk is not only investment risk, but also an opportunity to invest in better ways of doing things. Policy-wise, the government's 10 Point Plan and Energy White Paper acknowledged the key role renewables will play in helping the country reach net zero.

In particular, we welcomed news that onshore renewables will be included in the government's 'Contracts for Difference' (CfD) scheme to compete for government-backed clean energy contracts; these provide the long-term price stability needed to build and operate new projects. CfDs, which have driven the recent boom in offshore wind, represent good value for the energy consumer too; when market prices are high, the additional revenue goes back to the government. We await the vital details behind these attention-grabbing announcements. But we have participated in a number of key calls for evidence and consultations, both as a business and in partnership with industry bodies, which should in time lead to further clarity and, we hope, effective policy.

The pandemic has caused us all to question almost everything about how we live our lives and what is important. For the energy industry, it necessitated a leap forward for a high renewables grid as usage dropped during a time of windy and sunny weather back in May. Records were broken for wind and solar power generation and the grid coped extremely well with this shift in demand and supply, a good sign for the future.

Public concern about the climate emergency continues to deepen, and there is a consensus around the world that investment in building back better after the pandemic should reflect the imperative to cut carbon, fast. Momentum is building ahead of the COP26 climate conference in Glasgow. With the support of our shareholders we, as always, will continue to invest in and build new energy projects which contribute directly to the UK's Net Zero targets. As a newly certified B-Corp we are committed to a just transition, bringing all stakeholders along with us on the journey to a cleaner, smarter energy system.

I would like to thank you, our shareholders, for your support and urge you to keep in touch with your thoughts and views about our progress.

Yours sincerely

Simon Roberts OBE
Chair of the Board of Thrive Renewables Plc

2020 WHAT'S BEEN ACHIEVED...

NEW DEVELOPMENT PROJECTS

UNITED DOWNS GEOTHERMAL
3.1MW ELECTRICAL
12MW RENEWABLE HEAT

LOCH A'BHRAOIN HYDRO
2MW OPERATIONAL

FEEDER ROAD BATTERY
20MW

WICKEN BATTERY
5MW

CHAPELTON WIND
2.7MW

OLYMPUS POWER
COMMERCIAL ROOFTOP SOLAR

RIDING SUNBEAMS
COMMUNITY SOLAR RAIL

FINANCIAL IMPACT

TURNOVER
£13.5 MILLION
(£13.8M, 2% BELOW 2019)

£3.4 MILLION
OPERATING PROFIT
(£4.1M, 16% BELOW 2019)

£1.4 MILLION PROFIT
AFTER TAX AND MINORITY INTERESTS[1]
(2019 £17.6M, £2.1M EXC. GAIN 34% BELOW 2019)

THE GROUP'S AVERAGE BANK DEBT INTEREST RATE HAS REDUCED FROM
5.6%
TO 3.3%

7p
FINAL DIVIDEND RECOMMENDED

ENVIRONMENTAL IMPACT[2]

66,689 tCO2e
EMISSION REDUCTIONS[3]

1 MILLION
BATH TUBS OF FRESH WATER SAVED[4]
(1.8M BATH TUBS 2019)[5]

149,929 MWh
OF RENEWABLE ELECTRICITY GENERATION
(166,734 MWH 2019 -10%)

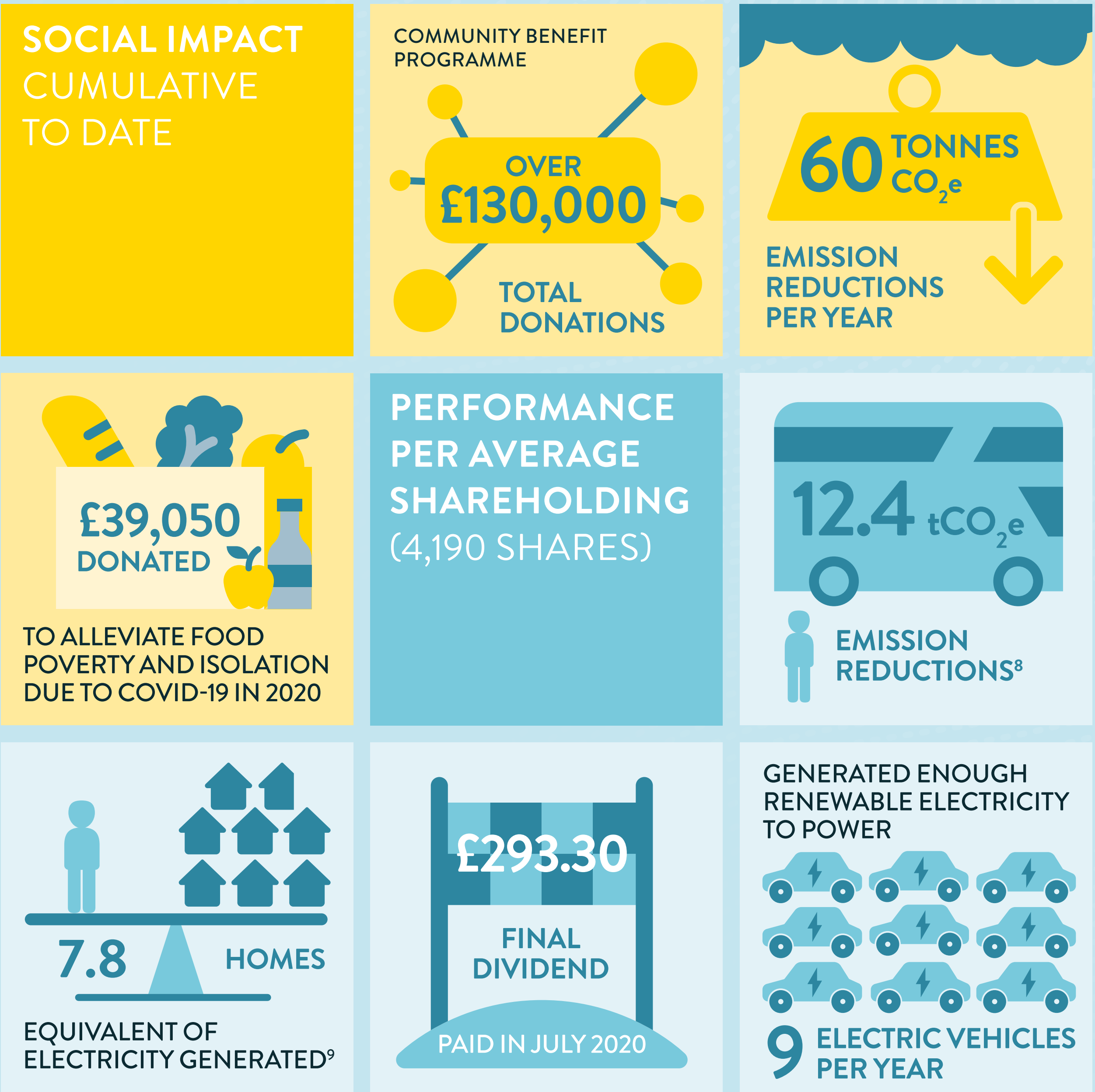
ENOUGH TO POWER ALL THE HOMES IN A CITY THE SIZE OF
LINCOLN[6]

OR 40%
OF UK EV JOURNEYS[7]

[1] 2019 included £15.4m gain on sale of subsidiaries. 2020 includes higher tax charge due to the scrapping of the reduction in corporation tax from 19% to 17% in March 2020.

[2] Impact Portfolio describing the Thrive's share of projects owned plus the project Thrive is funding.

[3] RenewableUK uses BEIS's "all fossil fuels" emissions statistic of 446 tonnes of carbon dioxide per GWh of electricity supplied in the Digest of UK Energy Statistics (July 2020) p125 Table 5E ("Estimated carbon dioxide emissions from electricity supplied 2017 to 2019"), https://www.renewableuk.com/page/UKWEDExplained. Average per capita greenhouse gas emissions.



[4] We are not able to source a nationally recognised means of calculating the water saving generated by generating electricity using wind and solar rather than thermal generation. The power sector consumes over 40% of Europe's water, mainly for cooling purposes. We have identified that nuclear consumes approximately 2.7m^3/MWh, gas plants 0.7m3/MWh and coal plants 1.9m3/MWh (https://windeurope.org/fileadmin/files/library/publications/reports/Saving_water_with_wind_energy.pdf). We have performed some crude, but we intend conservative analysis, using the UKs 2020 generation mix (Energy Trends March 2021 (publishing.service.gov.uk)), to derive a conservative average water consumption per MWh figure. We believe that the 0.58m3/MWh is conservative as is attributes no water consumption to other thermal sources such as oil and bioenergy, or hydro. We have multiplied Thrive's generation by this factor, assuming that if our renewable projects had not generated this electricity, the UK grid mix would have, arriving at 87,232m^3 of water.

[5] Water saved figure is lower than 2019 as UK grid used significantly less coal, nuclear and gas in 2020, and Thrive generation was 10% lower.

[6] Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3.578MWh, https://www.renewableuk.com/page/UKWEDExplained. Office of National Statistics, number of dwellings by housing tenure and district 2018 - https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/dwellingstockbytenureuk

[7] The average electricity consumption of an electric vehicle is 307Wh/mile (https://ev-database.uk/cheatsheet/energy-consumption-electric-car), the average annual car mileage is 7400m (https://www.gov.uk/government/statistical-data-sets/nts09-vehicle-mileage-and-occupancy#car-mileage), the UK electric car fleet as of Sept 2020 is164,462 (https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01#licensed-vehicles), and the average annual mileage of 65,996 Electric Vehicles, (40% of the UK's Electric Car Fleet)

[8] 446tCO_2e/GWh https://www.renewableuk.com/page/UKWEDExplained

[9] 3.578MWh p.a. electricity of average UK home https://www.renewableuk.com/page/UKWEDExplained

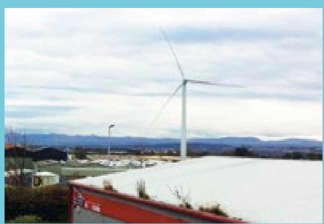
2020 AWARDS & MEMBERSHIPS

OUR PROJECTS

LOCH A'BHRAOIN
Mezzanine loan investment
Project size: 2MW hydro

BEOCHLICH
Project size: 1.0MW two hydro-electric turbines

DUNFERMLINE
Project size: 1.5MW one-turbine wind farm



CHAPELTON
Project size: 2.7MW wind farm

HAVERIGG II
Project size: 2.4MW four-turbine wind farm

SIGURD
Project size: 1.3MW one-turbine wind farm

AUCHTYGILLS & CLAYFORDS
Thrive Renewables (Buchan) Limited
Project size: 800kW each, two-turbine wind farm

DRUMDUFF
Joint Venture
Project size: 6MW three-turbine wind farm

CATON MOOR
Project size: 16MW eight-turbine wind farm

RENDESCO
Ground source heat pumps (England)

OLYMPUS
Solar roofs for Commercial and Industrial projects (National pipeline)

KEY

OPERATIONAL PROJECT

NEW INVESTMENTS UNDER CONSTRUCTION

INVESTMENTS – PROJECT PIPELINES

FEEDER ROAD BATTERY STORAGE (ACQUIRED FEBRUARY 2021)
Project size: 20MW
Battery Storage System

SEVERN (AVONMOUTH)
Project size: 8.2MW
four-turbine wind farm

RIDING SUNBEAMS
Connecting solar projects to the railway network

UNITED DOWNS (JV)
Project size: 3.15MW
geothermal

BOARDINGHOUSE
Project size: 10.25MW
five-turbine wind farm

MARCH
Project size: 1.5MW
one-turbine wind farm

FENPOWER (RANSONMOOR)
Project size: 10.1MW,
five-turbine wind farm

WICKEN BATTERY STORAGE
Project size: 5MW Battery Storage System

NESS POINT
Project size: 2.75MW
one-turbine wind farm

EYE
Project size: 5MW
two-turbine wind farm

"I am very proud to see how Thrive, in what has been a challenging year for all, has been successfully demonstrating how to go about the energy transition. Thrive's openness to diversify its portfolio into new technologies, techniques and business models will allow it to better balance and safeguard its revenue sources and hedge against the innate variability of renewable sources."

Tania Songini, Non Executive Director

United Downs geothermal

STRATEGIC REPORT

VISION AND MISSION

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

OUR VALUES

SUSTAINABLE AT HEART

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

REWARDING CONNECTION

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

MOVEMENT FOR CHANGE

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

CURRENT FOCUS

Thrive's focus has remained consistent for the last five years. Since the UK government's decision to cease subsidies for new renewable energy projects in 2015, Thrive has concentrated on the following areas.

1. **Secure value and long-term future for the existing portfolio:**

   a. We are committed to safely generating as much renewable electricity as possible from our portfolio of 21 operational, funded and development assets. This ensures we are generating value, both financially and environmentally, from each project. Additionally, we have been revisiting both the cost and the value of our project relationships, such as O&M contractors and debt providers, seeking ways to improve performance.

   b. Renewable energy projects tend to be developed with a design life of between 20 and 30 years. As our portfolio of projects mature, we are looking beyond this initial operational phase to the next 20-30 years. Presently we are undertaking works to extend the physical operational life of our generation equipment, in addition to working with landlords and planning authorities to secure the next phase.

2. Growth, establishing sustainable routes to market:

a. Over the last 20 years, government subsidies have made up c. 50% of the revenues accessible by renewable energy projects. As this financial support has been removed, the primary source of revenues is the wholesale electricity market. Despite reductions in the cost of renewable technologies, reliance on current wholesale electricity market prices as the sole source of revenue makes the case for investment less favourable than when combined with subsidies, particularly at the sub utility (below 50MW) scale.

b. Thrive is therefore focused on securing additional revenues to improve the business case for building new renewable energy projects. These include direct wire projects, which deliver power directly to industrial consumers, and baseload renewables, which can generate when wind and solar generation is less abundant. As the newly announced inclusion of onshore renewables in government Contracts for Difference auctions is clarified later this year, we'll aim to build projects which are eligible, benefiting from the long- term price stability they provide.

3. Diversification of renewable energy projects:

a. The UK has very successfully increased the proportion of electricity sourced from renewables from 2%[10] in 1994 to 42% in 2020[11]. The majority of UK renewable power is generated by wind (24.8%[12]) and solar PV (4.4%[9]). Now that renewables are playing such a material role in the UK's electricity supply, the Climate Change Committee[13] has recommended that electricity generation should be zero carbon by 2035. This would require 22-29GW of onshore wind and 23-43GW of solar capacity to be built by 2030, compared to a current capacity of around 13GW of each. But the electricity system must completely transform to continue to provide reliable supply to homes, industry and businesses. This scale of change requires us to interact directly and positively with the system, rather than generation alone. Thrive is therefore focusing on diversifying its portfolio of projects to reflect what is required to successfully deliver the transition to a renewables dominated electricity system, and also to benefit from revenue streams which emerge. The investments made in the last 18 months reflect this, including both renewable generation which can generate electricity baseload and battery storage projects which can balance the electricity grid as fossil fuel plant retires.

b. We are also seeking ways to better utilise the existing projects, by co-locating additional technologies like solar and / or storage on our wind farms for example.

4. Enhancing stakeholder relationships:

a. Thrive is establishing a growing voice, which we intend to use to influence positive change. We are active in both the investment and renewable energy space, providing insight and examples of delivering a just transition via industry events, the media and contributions to consultations. We firmly believe that for the energy system to transform to the extent required to deliver net zero, then the sector needs richer engagement with the whole of society.

b. The growing support for renewables both politically and publicly, in addition to the environmental imperative of transitioning to a cleaner, smarter energy system, provide a strong trajectory for growth. We continue to build relationships across the sector and beyond to support Thrive's continued growth.

Growth in both impact and financial performance continue to be a key objective for Thrive. We are conscious that evolving market conditions, the maturing nature of the renewable energy assets and increased appetite for investment into renewables is resulting in reduced base case financial returns. Each project we add to the portfolio will have a smaller incremental impact on the overall value than previously. Continued growth, however, diversifies Thrive's exposure to natural resources, technologies, market prices and regulations and continues to grow environmental impact and sources of revenues. Therefore, the directors remain committed to growth and providing individuals with the opportunity to directly invest in, and contribute to, combating the climate emergency.

[10] BEIS: Digest of UK Energy Statistics (DUKES) (https://www.gov.uk/government/collections/digest-of-uk-energy-statistics-dukes)

[11] https://www.theguardian.com/environment/2021/jan/28/uk-electricity-from-renewables-outpaces-gas-and-coal-power

[12] National Grid ESO energy explained 2020

[13] https://www.theccc.org.uk/2020/03/03/ccc-welcomes-government-re-commitment-to-onshore-wind-and-solar/

INVESTMENT ACTIVITY

PROGRESS WITH INVESTMENT, DEVELOPMENTS AND PIPELINE

The long-term pathway for generating the majority of the UK's power from renewable sources is becoming clear. But in the immediate term the sector continues to adjust to the realities of building new renewable capacity in the subsidy free context.

Thrive currently operates at the small to medium scale, building new projects which are too large for an individual or community to fund, but smaller than utility scale. We continue to focus on renewable energy assets which form the building blocks of a system to deliver net zero. Our portfolio aims to represent a microcosm of the cleaner, smarter nationwide (and global) energy system. Previously our focus has been principally on wind and hydro generation assets. More recently, we have diversified our investments with the aim of securing value throughout the transition, contributing to a smarter and cleaner system. Over the last 18 months we've delivered in five key areas;

1. **Baseload renewable electricity generation** – as fossil fuelled plants are retired, options for generation when the wind is light and the sun has set become increasingly important. We have therefore invested in Loch a'Bhraoin hydro and United Downs geothermal generation. These projects will generate power up to 24 hours a day, seven days a week, delivering renewable power whatever the weather. As well as supporting system stability, we anticipate these types of projects will access higher electricity prices as we move forwards.

2. **Direct wire renewables** – building on our experience at Dunfermline, Eye and March, we continue to build a pipeline of generation projects connected directly to an industrial host. These projects deliver competitively priced power to the host, lower the carbon intensity of their consumption and improve their ESG profile. We continue to develop the Chapelton three turbine wind farm in South Ayrshire, Scotland. In addition we are very proud to have invested in Riding Sunbeams Apollo ltd (Riding Sunbeams), which is developing technology and solar projects to allow renewable power to be delivered directly into the railway system. Riding Sunbeams is formally committed to a 'just transition' and will encourage community ownership of its projects. Additionally, we have established a funding package for Olympus Power, where Thrive will fund the installation of roof mounted solar PV systems to supply businesses throughout the UK.

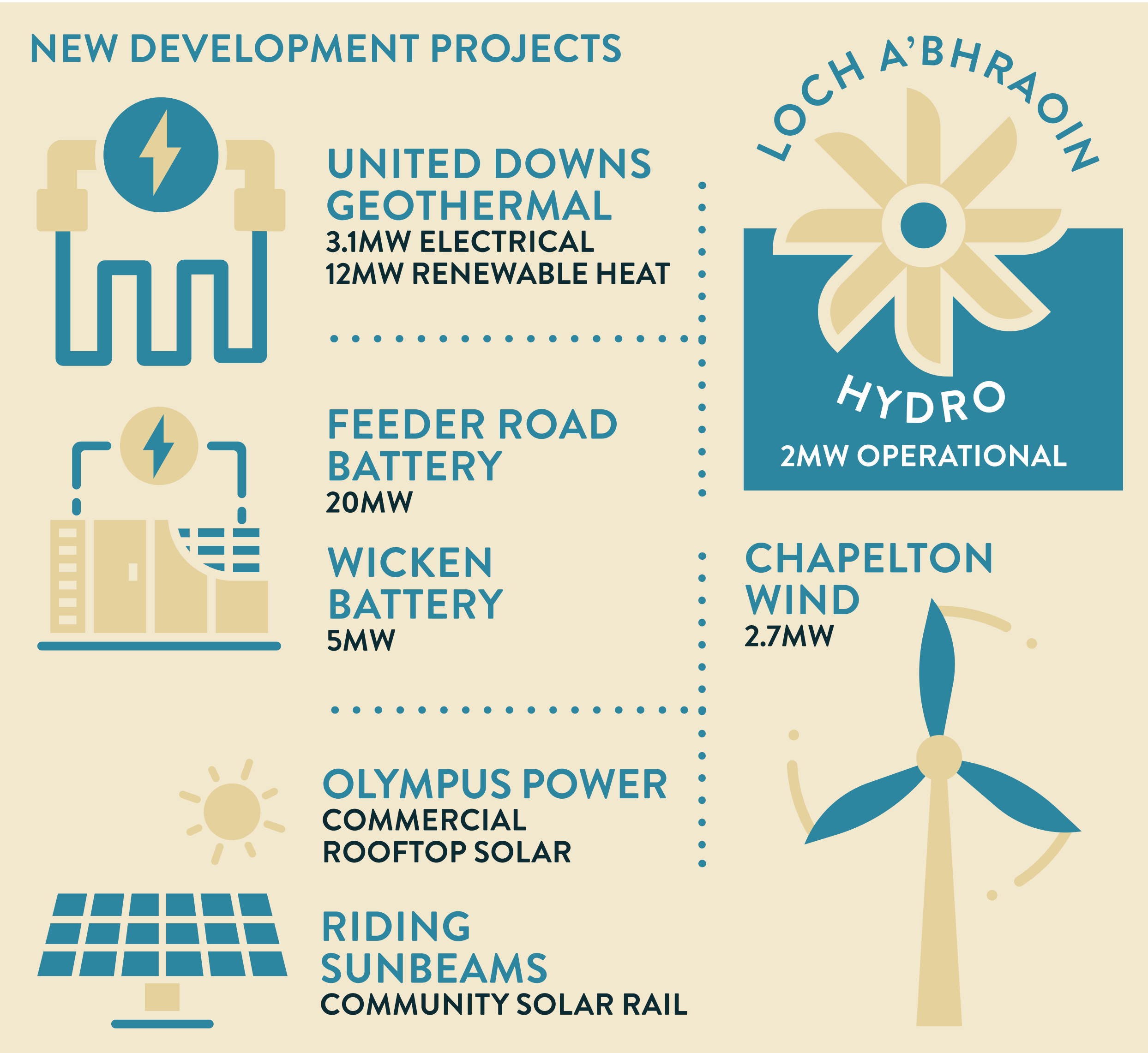
3. **Flexibility** – as UK electricity supply becomes decentralised and less dependent on fossil-fuel generation, National Grid and Distribution Network Operators will require sources of generation and flexibility which can stabilise the system. Presently, batteries are one of the cheapest ways to deliver this flexibility, with the ability to inject and/or extract large volumes of electricity with less than a second's notice. In addition to providing flexibility services, batteries can be charged when renewable electricity is abundant and release power when demand is higher. Whilst most batteries currently discharge in hours, groups of batteries can be co-ordinated to provide longer duration grid services. These characteristics complement the proliferation of renewable generation, forming a crucial part of a smarter, cleaner energy system. Thrive has invested into two battery storage projects, Wicken near Milton Keynes and Feeder Road in central Bristol. The Bristol project had previously been earmarked for a diesel electricity peaking plant. However, the local community lobbied against this, and in support of the battery project. We are conscious of the supply chain issues and the use of rare minerals associated with batteries and are exploring ways that we can

positively influence these issues and those relating to the re-use, re-purposing and eventually recycling of batteries and their constituent parts.

4. **Heat** – supplying heat demand generates 37% of the UK's total CO_2 emissions, the nation's single largest source of emissions[14]. Due to the fragmented nature of heat, there is no national grid in the UK and it is proving challenging to lower emissions in this sector. Thrive is keen to contribute to decarbonising heat. In addition to 3MW of electricity generation capacity, United Downs Geothermal has the capacity to deliver 12MW of heat to local consumers. The heat elements of this development continue to progress.

5. **Grid connected wind and solar** – we will continue to invest in wind and solar generation, as the reality is the UK requires a four-fold increase in clean generation to achieve the government's legally binding Net Zero target[15]. The UK benefits from an abundant wind resource which tends to be well correlated with seasonal demand; high demand periods are during the winter months when the weather is windiest. Onshore wind and solar now represent the cheapest way to generate electricity, and the industry associations project that over 77GW can be delivered by 2035, 2.5 times the UKs current onshore renewable electricity generation capacity.[16]

Over the course of 2020, we have grown our investments team by adding experienced technical expertise and additional investment management resource. This has proved beneficial, both with securing the investment opportunities set out above and identifying a strong pipeline of projects in these target areas. As energy policy and England's National Planning Policy Framework catches up with the trajectory set out in the Energy White Paper and the Net Zero target, we are confident that there will continue to be opportunities to invest in impactful projects.



THE FUTURE IS BRIGHTER THAN EVER BEFORE …

Whilst the transition to subsidy free renewables is a crucial building block paving the way to Net Zero and long term sustainability, it always promised to be a bumpy ride for companies and investors committed to being at the forefront of mitigating climate change. The journey over the last five years hasn't disappointed us in this respect; it has been challenging to continue to deliver growth. However, 2020 saw significant strides in the right direction, which don't address all of the immediate challenges we face but provide the best visibility of a favourable long-term trajectory for clean energy that we've experienced to date. The wide acknowledgement by government, commerce and the public alike of the both the environmental imperative and economic opportunity of addressing climate change is most welcome.

Our increased confidence in the outlook is derived from a combination of factors:

GOVERNMENT NET ZERO TARGET, TEN POINT PLAN AND ENERGY WHITE PAPER

In June 2019, the UK became the first major economy to pass laws to bring all greenhouse gas emissions to net zero by 2050. Achieving this will require action from all industries and every one of us. In November 2020, the government released a ten point plan to create 250,000 new green jobs, particularly in the offshore wind sector, and build back greener from Covid-19. This was quickly followed by an announcement that the Contracts for Difference (CfD) scheme, where energy projects can bid in to government auctions to achieve a guaranteed long-term strike price, will include onshore wind and solar and aims to double the amount of UK renewable energy capacity. More policy detail followed with the Energy White Paper in December. These policies all set out a future where the majority of fossil fuel consumption in heat generation and transport is replaced with electricity. In its Sixth Carbon Budget, the UK Climate Change Committee (CCC) anticipated a doubling of electricity demand due to the decarbonisation of heat and transport, leading to a four-fold increase required for low carbon generation. With the support of industry associations, we have calculated that 5.5GW[17] of new onshore renewable electricity capacity must be built annually between now and 2035. This represents a material growth opportunity, in addition to the requirement to repower the existing fleet of renewable projects over the same period.

> "Diversifying the Thrive portfolio makes business sense as it spreads the risk and at the same time keeps Thrive at the forefront of the journey to net zero."

Charles Middleton, Non Executive Director

PUBLIC CONCERN ABOUT CLIMATE CHANGE, AWARENESS AND SUPPORT FOR RENEWABLES

Public awareness of the climate crisis continues to grow and more people than ever support definitive action. The UK government's most recent Public Attitude Tracker[18] found that 81% of the British public are concerned about climate change. Awareness of Net Zero is also rising rapidly with 76% of the public aware of the goal, up 24% from March 2020. Support for renewable energy remains steady with 78% in support and only 3% opposed.

In September 2020 the UK's first Citizen's Assembly on Climate Change provided its recommendations to the UK government. The Citizen's Assembly brought together a group of 108 individuals in perfect proportions to reflect the UK population in terms of gender, ethnicity, age and education, to be presented with the facts and develop a set of recommendations on how to address climate change. This powerful initiative provided great insight and awareness of the challenges and opportunities with a clear steer to government on the importance of taking action now. In response to the postponement of UNFCC Conference of Parties (COP) 26 which was due to be held in Glasgow in April 2020, a global group of young climate change activists coordinated a Mock COP, a virtual global conference to develop a plan for addressing climate change. This was shared with

[14] Clean Growth - Transforming Heating - Overview of Current Evidence (publishing.service.gov.uk)

[15] https://www.theccc.org.uk/2020/03/03/ccc-welcomes-government-re-commitment-to-onshore-wind-and-solar/

[16] https://www.thriverenewables.co.uk/media/2196/delivering-a-green-recovery-with-uk-renewable-power-final.pdf

[17] Trade bodies (Renewables UK, Solar Trade Association and British Hydro Association), suggest that 77GW of the required growth to hit net zero can be delivered by onshore renewables by 2035.

[18] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/959601/BEIS_PAT_W36_-_Key_Findings.pdf

global leaders in December, representing a passionate call to action and a very practical demonstration that it's possible for individuals from 140 countries to come together, debate, develop strategies and action plans without stepping outside, or on to an aeroplane, delivering powerful messages on many levels.

BUILD BACK BETTER

Green growth is increasingly being seen as an opportunity. Net Zero has become part of the government's overall 'economic policy objective', which puts it into the remit of the Bank of England's monetary and financial policy committees, i.e. at the heart of financial decision making in the UK. Last year saw a 96% increase in mutual fund and ETF investments in sustainable assets globally. As Larry Fink, CEO of Black Rock, said in his recent letter, "We know that climate risk is investment risk. But we also believe the climate transition presents a historic investment opportunity."

Businesses, local authorities and the wider investment community are waking up to the threat posed by climate change and acting accordingly. The UN has set up the 'race to net zero'[19], which has already recruited 454 cities, 23 regions, 1,397 businesses, 74 of the biggest investors, and 569 universities across the world, alongside120 countries. Collectively they represent over 50% of global GDP. In the UK alone 282 Councils have declared a climate emergency[20].

World leaders, global business and the UK government, financial institutions, business and public seem better aligned on both the threat and the opportunity represented by addressing the climate emergency. The transition will be a journey, and parts of the solution are yet to be identified. However, we are motivated by the scale of what needs to be achieved and committed to continuing to play a positive role in it, with the support of our investors. We are further encouraged to hear scientists suggesting that the climate emergency is not a one-way street; if we are able to materially curb emissions of GHGs then the atmosphere will be able to stabilise[21]. Whilst the threat of pending disaster is bringing about change, the prospect of a sustainable existence is arguably a greater motivation.

[19] Race To Zero Campaign | UNFCCC

[20] https://www.climateemergency.uk

[21] Global heating could stabilize if net zero emissions achieved, scientists say | Environment | The Guardian

Avonmouth school visit 2019

ENVIRONMENTAL IMPACT[2]

66,689 tCO_2e
EMISSION REDUCTIONS[3]

1 MILLION
BATH TUBS OF FRESH WATER SAVED[4]
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ENOUGH TO POWER ALL THE HOMES IN A CITY THE SIZE OF
LINCOLN[6]

OR 40%
OF UK EV JOURNEYS[7]

SOCIAL IMPACT CUMULATIVE TO DATE

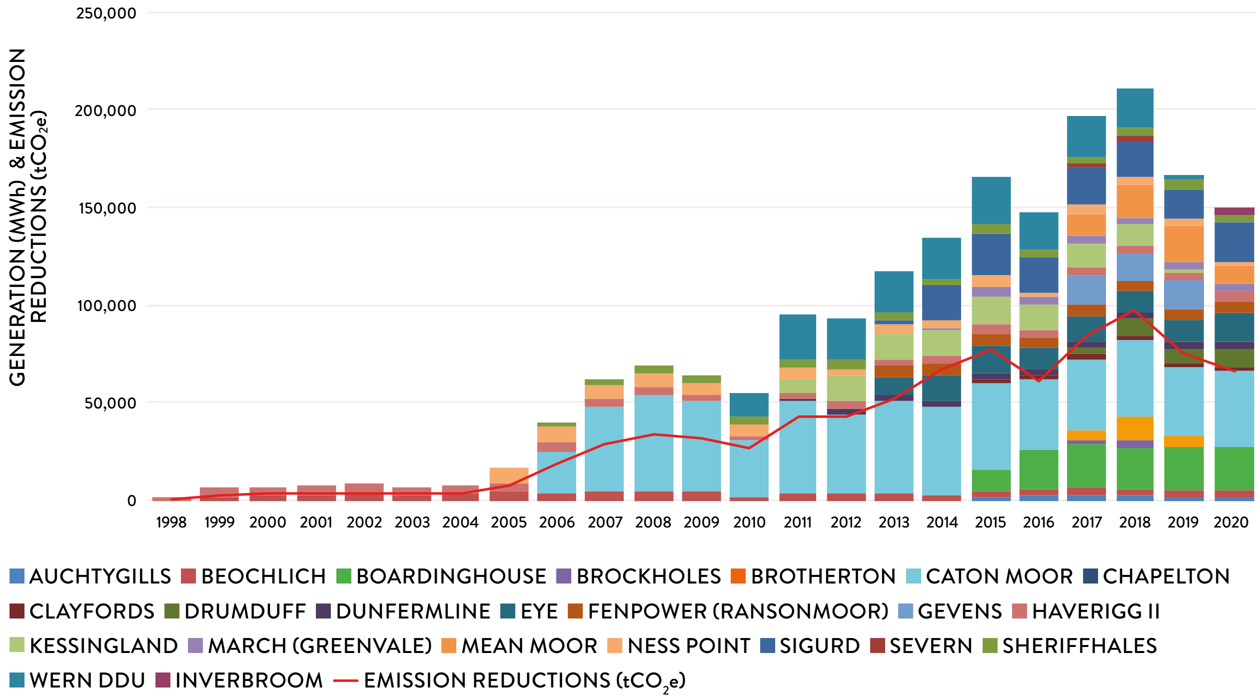
COMMUNITY BENEFIT PROGRAMME
OVER £130,000
TOTAL DONATIONS

60 TONNES CO_2e
EMISSION REDUCTIONS PER YEAR

£39,050 DONATED
TO ALLEVIATE FOOD POVERTY AND ISOLATION DUE TO COVID-19 IN 2020

STRATEGIC REPORT
DIRECTORS' REPORT
FINANCIAL STATEMENTS

GENERATION AND EMISSION REDUCTIONS, IMPACT PORTFOLIO



Thrive has now built and / or funded 28 projects, including investments into Marine Current Turbines (tidal generation) and Rendesco (ground source heat pump portfolio) which are not included in the chart above.

In addition to the operational projects plotted above, Thrive is currently invested in the development and construction of a further five projects including wind, solar, geothermal and battery storage, each contributing to a cleaner, smarter energy system in different ways.

The reduction in impact generation since 2018 is due to the sale of two projects, and the repayment of bridge funding which Thrive provided to get new projects built or to provide community energy groups with an opportunity to own their local renewable energy projects. The capital returned from the sale of the projects and the repayment of the bridge funding is being redeployed into new projects. This enables shareholders' investment to create more impact, having funded the construction of renewable projects, then being returned and redeployed into new renewable energy projects.

An additional factor in the decrease in emission reductions generated is that the grid is becoming less carbon intensive as the UK's electricity system benefits from an increasing amount of renewable electricity and is less dependent on fossil fuels. In 2020, renewables generated 42%[22] of the UK's power, more than any other source. This continues the trend of a growing contribution from renewables from 7%[23] and 24.7%[24] in 2010 and 2015 respectively.

CARBON EMISSIONS OF OUR BUSINESS OPERATIONS

Total emissions for staff travel plus heating and electricity across the business were 2.4 tonnes in 2020. This represents less than one third of the average UK citizen's carbon footprint[25]. Our renewable power generated 67,000 tCO_2e emission reductions. Our Community Benefit Programme avoided the emission of an additional 60 tCO_2e thanks to energy efficiency improvements in community buildings.

We are currently working to extend our reporting to cover more 'scope 3' emissions including the construction and maintenance of our wind, hydro and other renewable energy projects. Given that the 'energy payback' for wind turbines is typically between 6 and 12 months[26] of their 20 to 25 year operational life, we are confident of overall net positive energy and emission impact of Thrive's activities.

[22] https://www.theguardian.com/environment/2021/jan/28/uk-electricity-from-renewables-outpaces-gas-and-coal-power

[23] https://webarchive.nationalarchives.gov.uk/20120403141252/https:/www.decc.gov.uk/assets/decc/11/stats/publications/dukes/2312-dukes-2011--full-document-excluding-cover-pages.pdf

[24] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/577712/DUKES_2016_FINAL.pdf

[25] https://www.carbonindependent.org/23.html

[26] https://www.cse.org.uk/downloads/reports-and-publications/planning/renewables/common_concerns_about_wind_power.pdf

GOVERNANCE

B CORP™ CERTIFICATION

In December 2020 Thrive Renewables was officially certified as a B Corporation, becoming at that time the highest ranked renewable energy company in the UK B Corp community. Thrive has been assessed by B Lab, the not-for-profit behind the B Corp movement, and has met rigorous social and environmental standards relating to energy supplies, waste and water use, worker compensation, diversity and corporate transparency. We were proud to score particularly well in the environmental and governance criteria. Thrive has long been committed to purpose beyond profit and, with the support of shareholders at last year's AGM, has now embedded this commitment in its Company Articles.

Thrive Renewables was one of the UK's first mission driven businesses, founded 26 years ago to help people power the UK's transition to clean energy, with the ultimate aim of reducing carbon dioxide pollution to avoid dangerous climate change. As well as creating value for shareholders like other businesses, we carefully consider the interests of all stakeholders, from the towns and villages who host clean energy projects to the wildlife which frequents them. Having successfully completed B Corp certification, we are now working to identify further improvements that can be made.

As a B Corporation and one of the leaders of the emerging Net Zero economy, we support the B Corp declaration of interdependence which states:

- That we must be the change we seek in the world.
- That all business ought to be conducted as if people and place mattered.
- That, through their products, practices, and profits, businesses should aspire to do no harm, and benefit all.
- To do so requires that we act with the understanding that we are dependent upon another and thus responsible for each other and future generations.

> "Congratulations to Thrive Renewables on joining the B Corp community and showing true leadership in the renewable energy sector. Their commitment to doing business differently will be an inspiration to others and really help spread the idea that we can redefine success in business to be as much about people and planet as it is about profit."

Kate Sandle, Director of Programmes and Engagement of B Lab UK

VIRTUAL ATTENDANCE AT ANNUAL GENERAL MEETING (AGM)

Shareholders passed a resolution in June 2020 to amend the company's Articles of Association to allow for virtual attendance at General Meetings (GM). This means shareholders are now able to attend the AGM and vote by electronic means, as well as in person. This 'hybrid' option is beneficial to permit wider participation at official meetings. The amendment does not enable Thrive to hold GMs and AGMs on a purely virtual basis as we consider it essential to our ethos that shareholders can hear from and question the directors in person.

SOCIAL IMPACT

COMMUNITY BENEFIT PROGRAMME - £39,000 DONATED TO COVID RELIEF ACTIVITY

When planning the fifth round of Thrive's Community Benefit Programme in early 2020, it quickly became obvious that as the Covid-19 pandemic struck, community needs changed dramatically. People were not able to use or even access community buildings to carry out energy assessments or improvements. In the light of this, and obvious increase in need for basic emergency help, we decided to approach the communities who host our renewable energy projects to ask what they needed locally. Most agreed that food banks were the best way to support those most in need, but we also supported other types of projects combating loneliness and poverty.

With the help of the Centre for Sustainable Energy, we provided two rounds of grants to local projects providing emergency Covid relief. Because of the exceptional circumstances, we added what the company would normally spend on travel to the usual Community Benefit Programme budget, meaning that a total of £39,000 was donated.

Thrive's regular Community Benefit Programme, which provides grants to enable people living close to our projects make energy efficiency improvements to shared usage buildings like village halls and community centres, will resume in 2021.

"Your offer almost made me cry as I've been in the warehouse most of the afternoon organising Christmas dinner packs & then a big rush on food packs before the end of the day. Thank you so much, this is amazing. As you can imagine this is our busiest time of year and that comes with extra costs, more fuel in the vans, more electricity and gas. So this makes a massive difference that we can use the money for the core costs."

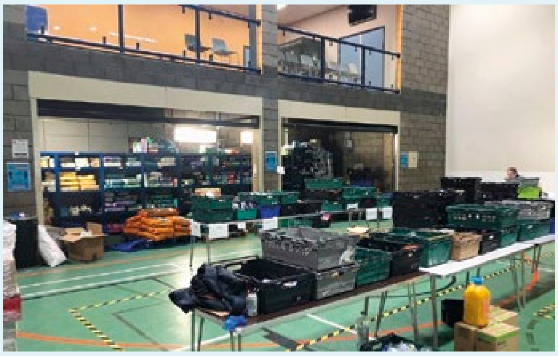
Kathleen, West Lothian Foodbank, near to Drumduff wind farm

"Firstly I would like to thank you again for the donation which enabled us to buy a further two iPad Pros for the Smiddybrae Residents. This has been greatly appreciated by the residents and their families and particularly in these unprecedented times where visiting is restricted. The iPads enhance the opportunity for residents to maintain contact with their loved ones and the community. By having increased technology available the staff at Smiddybrae can continue to support the residents to engage in physical activity stimulation and inter-generational sessions."

David, Chair of Smiddybrae Activities Association

> Morecambe Bay Foodbank are very grateful for the donation received from Thrive. We are currently delivering parcels to over 300 families per week, with demand potentially rising even further going into 2021. The donation received will go towards supporting the vulnerable in our community at this very difficult time. Ongoing support from organisations such as Thrive, will help enable us to keep dealing with the demand.

Tarnia, Morcombe Bay Foodbank, near Caton Moor wind farm



EQUALITY

GENDER BALANCE OF BOARD OF DIRECTORS[27]

4 FEMALE

5 MALE

GENDER BALANCE OF THRIVE TEAM

6 FEMALE

5 MALE

SALARY RATIOS[28]

6 TO 1

HIGHEST COMPARED WITH LOWEST

(5.1:1, 2019)

2 TO 1

HIGHEST COMPARED WITH AVERAGE

(2:1, 2019)

[27] Monika Paplaczyk appointed as Investment Director Jan 2021

[28] FTE basis excluding apprenticeships

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We are now measuring our impact against the United Nations Sustainable Development Goals, of which at least eight are relevant to our business activity. We have picked out some examples of how our business impacts positively in relation to the goals and specific targets.

SUSTAINABLE DEVELOPMENT GOALS

GOAL: 7

AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY

Related target: By 2030, increase substantially the share of renewable energy in the global energy mix.

Thrive business activity: In 2020, Thrive invested in five new clean energy projects. These included the UK's first geothermal electricity generation project at United Downs in Cornwall, which will deliver heat and baseload power to help balance the variable nature of wind and solar power generation.

GOAL: 11

SUSTAINABLE CITIES AND COMMUNITIES

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

Related target: 11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change.

Thrive business activity: In September 2020, Thrive invested in solar rail pioneer Riding Sunbeams which connects solar power directly to the rail network. The company, founded by the climate charity Possible, will provide a commercial route to market for community energy groups looking for new projects to develop and connect them to regional rail network operators who will pay them a fair price for their power.

GOAL: 12

RESPONSIBLE CONSUMPTION AND PRODUCTION

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Related target: 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

Thrive business activity: Our wind farm in Eye, Suffolk, supplies the Roy Humphrey Group with clean electricity via a direct wire. This project is supporting the group to decarbonise, contributing to sustainable consumption and production for their business.

GOAL: 13

CLIMATE ACTION

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Related target: 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Thrive business activity: Our mission is to power the transition to a sustainable energy future by offering accessible options for individuals and businesses to invest directly in renewable energy projects. We have over 6,000 investors with investments ranging from £5 to several million. The environmental impact per Thrive average shareholding is a saving of 13.9tCO_2e.

GOAL: 15

LIFE ON LAND

PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

Related target: 15A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

Thrive business activity: As part of our ongoing commitment to supporting biodiversity, we worked with Cumbria Wildlife Trust to install fencing at South Walney nature reserve, close to Haverigg wind farm. This will allow lesser black backed and herring gulls to nest and breed in safety.

INVESTMENT UPDATE

In 2020 we further diversified our portfolio with battery storage and commercial solar rooftop pipelines. A new 2MW hydro site was constructed in 2020 and is now operational. We continued to develop a 2.7MW wind farm in Scotland, along with the United Downs geothermal electricity generation plant in Cornwall. The portfolio continues to develop, reflecting the wide range of technologies needed to support a carbon neutral energy system.

	TECHNOLOGY	CAPACITY	DATE OF INVESTMENT	HOMES EQUIVALENT
Loch a'Bhraoin		2MW	Sept 19	2,300
Chapelton		2.7MW	Nov 19	1,700
United Downs		3.15MW	Jan 20	7,300
Riding Sunbeams		Pipeline, Initial project 3.75MW	Sept 20	1,000 Initial project
Olympus Power		Pipeline	Nov 20	
Wicken		5MW	Dec 20	
Feeder Road		20MW	Feb 21	

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

RENDESCO LIMITED – GROUND SOURCE HEAT PUMP DEVELOPMENTS

In July 2018, Thrive invested £350,000 into Rendesco via a bond. Rendesco specialises in the development, design and installation of ground source heat pumps in retirement villages, supplying hot water and heating. Eleven new sites were completed during 2020, which was less than originally predicted due to the combined impact of Brexit and Covid. The estimated annual reduction in CO2 emissions from the 70 operational sites is just under 3000 tonnes of CO2 per year and the portfolio is performing as expected in terms of revenue and operating expenditure.

LOCH A'BHRAOIN (PREVIOUSLY REPORTED AS INVERBROOM HYDRO) – BASELOAD RENEWABLE POWER

Loch a'Bhraoin is a 2MW hydro project located on the Inverbroom Estate, close to Ullapool in the Scottish Highlands. The water is sourced from Loch a'Bhraoin, meaning 'showers or drizzle' in the Gaelic language, which is promising for the location of a hydro site. The project commenced generation on schedule in October 2020 despite some Covid related construction interruptions, delivering 2,850 MWh to the local distribution network. The project will generate 2,300 UK homes equivalent of electricity and will implement a community benefit scheme. Thrive committed an investment of £3.4m to the project in September 2019 to maintain the construction schedule in advance of bank debt being secured. Bank funding was finalised in January 2020 and Thrive will now maintain an investment of £1.8m in the project.

CHAPELTON WIND FARM - SUBSIDY FREE, DIRECT WIRE

In November 2019, Thrive acquired the rights to develop a 2.7MW wind farm in Girvan, South Ayrshire, Scotland. The site secured planning consent in November 2014 but has not been built due to local grid constraints. Thrive has been working with high energy demand businesses locally to explore direct supply opportunities. This 'direct wire' model connects the wind farm to the business's own energy system, then supplies surplus power via their grid connection. The host businesses are offered competitively priced wind power, and any surplus is exported to the local distribution network. Benefits include support for the local economy and the opportunity to build new renewable generation capacity. Once operational, it is planned that the project will generate enough electricity to power 1,650 UK homes[28]. The development work to-date has focused on the selection of turbines and seeking efficiencies in the direct wire cable route.

UNITED DOWNS GEOTHERMAL - BASELOAD RENEWABLE POWER

Over the course of 2020, we invested £3 million in United Downs Geothermal Ltd which will be the UK's first geothermal electricity generation plant. The site, close to Redruth, Cornwall, was developed by Geothermal Engineering Ltd. Two wells have been drilled into the granite bedrock, intersecting the Porthtowan fault at 2.3 km and 5.1km below the surface. In the last quarter of 2021, further investment from Thrive is planned to fund the construction of a 3MW power plant, with generation planned to commence in the first half of 2022. This is later than planned, as travel restrictions and lockdowns related to the Covid-19 pandemic have delayed final testing on site. However, testing to date has demonstrated the required temperatures (in excess of 190˚C), good permeability and positive well development. The final flow rate tests are now scheduled for April 2021. In addition to generating 7,500 UK homes equivalent of electricity, there is scope for the project to deliver 12MW of renewable heat locally. Whist there is 12,500MW of geothermal electricity generation operating globally, this project is a first in the UK context. The drilling of the deep wells was a material geological and engineering challenge and has been funded by both the EU and Cornwall Council with the involvement of a number of universities to ensure the wider sector benefits from the learning.

This natural heat source will be transferred from deep below the surface by water, which will be used to heat a binary power plant. Electricity will be generated 24 hours a day, delivering much needed baseload, which has a crucial role in an increasingly renewables-based grid. The potential for delivering renewable heat locally also begins to address the huge challenge of decarbonising the UK's heat requirement.

RIDING SUNBEAMS – DEVELOPMENT PIPELINE SUBSIDY FREE, PRIVATE WIRE

In September 2020, Thrive invested £200,000 into Riding Sunbeams Apollo Ltd (Riding Sunbeams). Riding Sunbeams mission is to deliver renewable electricity directly to the railway network, whilst delivering benefits to line-side communities. UK trains consume over four million MWh of electricity and 622 million litres of diesel annually[29]. With plans for both further electrification and significant decarbonisation, renewables delivering power directly into the rail network has huge growth potential. Thrive's investment is complemented by co-investment from Friends Provident Foundation.

This investment will be used to fund the continued development of the company and solar projects. Technology development is being supported by Innovate UK's 'First of a Kind' funding. Following a successful pilot project in the summer of 2019, the first commercial scale solar project has been identified and has strong community involvement, with further land rights under negotiation. Riding Sunbeams is actively engaged with a number of the UK's rail networks which are keen to source renewable power directly. Thrive is delighted to be working with Riding Sunbeams which is very well aligned with our mission, delivering more renewable generation capacity and providing communities with the opportunity to meaningfully connect with the energy transition.

[29] https://dataportal.orr.gov.uk/media/1550/rail-emissions-2018-19.pdf

OLYMPUS POWER – SUBSIDY FREE, DIRECT WIRE

In November 2020, Thrive completed a funding agreement with Olympus Power Ltd (OP). OP is a developer and operator of commercial scale solar PV roof top projects. OP installs solar PV at commercial and industrial sites and offers the host direct supply of the renewable electricity generated on a direct wire basis. Under the funding agreement, OP identifies and evaluates sites and uses Thrive's funding to purchase the panels and associated civil and electrical works. The revenues from the sale of the electricity then repay the funds in the operational life of the projects. The advantage of the Thrive OP partnership to the host businesses is that they can achieve the cost savings and environmental benefits without having to divert investment from their core activities. OP anticipate building £5m of solar farms this year.

THRIVE RENEWABLES (BESS HOLDINGS) LIMITED – BATTERY STORAGE DEVELOPMENTS

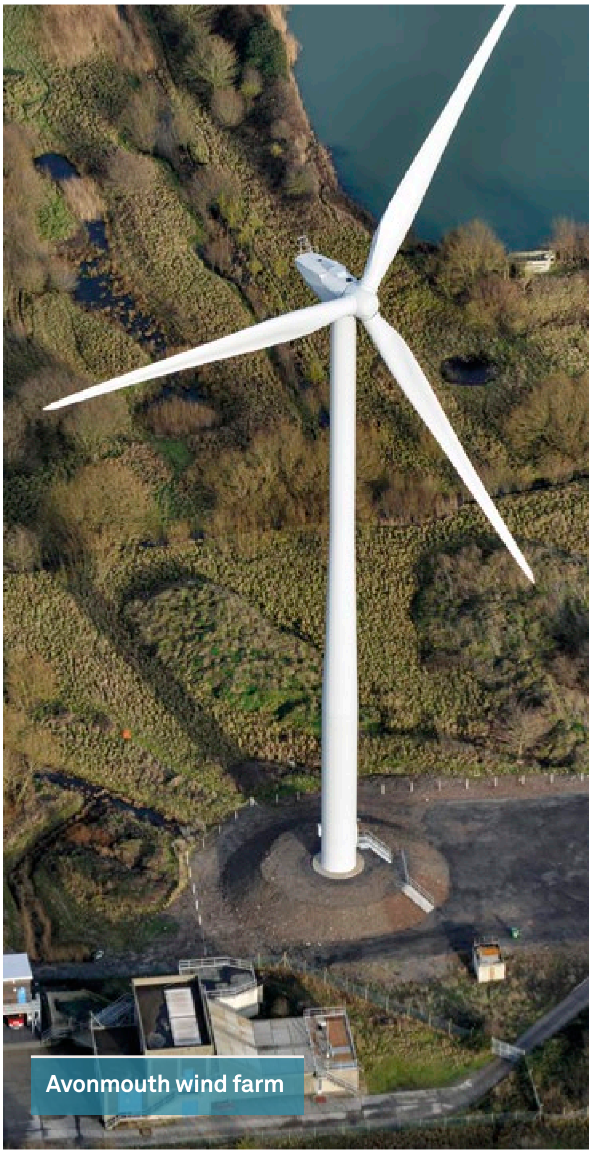
Thrive Renewables Battery Energy Storage Systems (BESS) Holdings Ltd (TR BESS) - previously named Aura Power Energy Solutions Limited (APES) - was established as a joint venture between Aura Power limited and Thrive in May 2018. Thrive has invested £180,000 into the joint venture. TR BESS developed a good pipeline of behind-the-meter battery storage projects, with the intention of sharing the financial and environmental benefits electricity storage can bring by avoiding peak demand periods and delivering flexibility to the grid. Despite being shortlisted for three multi-site opportunities, these have now been put on hold, as the host businesses are waiting for greater certainty in relation to energy regulations and the value of flexibility to them before finally committing. TR BESS is no longer actively pursuing new behind-the-meter battery storage opportunities. However, as part of the acquisition of the 20MW Feeder Road Battery storage project from Aura Power, which took place in February 2021, Thrive now owns TR BESS outright. The contacts and pipeline established by TR BESS may be valuable in the context of further direct wire generation projects, and has provided excellent insight which the Thrive team have used in the valuation and procurement of both the Wicken and Feeder Road battery storage projects.

OPERATIONS

OPERATIONAL REVIEW

COVID-19

2020 will be remembered as the year of the Covid-19 pandemic. And rightly so. Covid-19 coursed through society creating insecurity, uncertainty and devastating loss of life. Both the pandemic and the related lockdowns have had an impact on the operations of the business, but Thrive has demonstrated good levels of resilience in what has been an exceptional year. As the scale of the pandemic emerged in Q1 of 2020, the team worked diligently to identify risks and develop ways to mitigate and monitor them.



Avonmouth wind farm

This was the context for continued safe operation of Thrive's renewable energy projects during 2020. Management of the portfolio required quick and considered response to government guidelines but the critical nature of the electrical infrastructure we operate afforded a degree of confidence and continued focus on strategic matters.

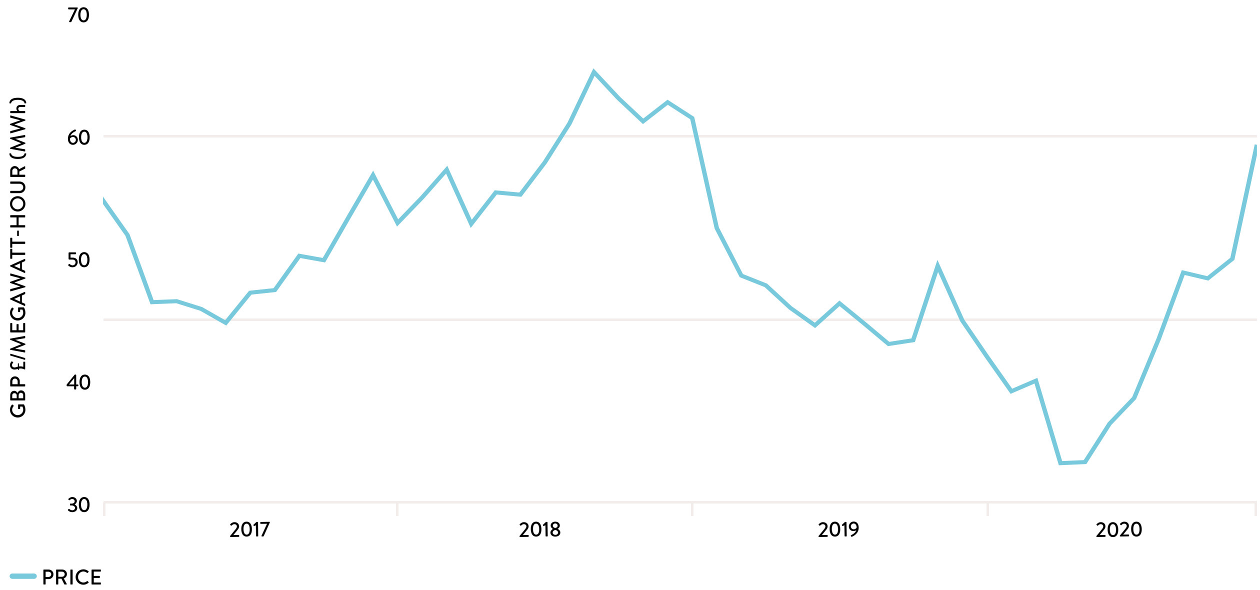
Above all we needed to ensure workers were safe on our sites, protecting themselves and their families, and our essential maintenance activities supported the national effort to prevent spread of the coronavirus while keeping the lights on. Beyond this the risks ranged from the immediate risk to health for the team, our ability to continue to safely construct and develop the renewable projects, the management of revenue risks relating to both the global slump in oil prices and a 10-20 % fall in UK demand for electricity in Spring 2020 lockdown period[30], counterparty risk with the electricity supply companies which purchase the power wholesale and sell it to homes and businesses. The key operational elements of the business upon which Covid has had an impact are shared throughout the operational review.

As noted above, the lockdowns caused delays with well testing at United Downs Geothermal, construction works of the hydro project at Loch a'Bhraoin and Rendesco' s installation of ground source heat pumps. We are pleased not to have called on the various government support measures, as the team has continued to be fully utilised, so no furlough, and operations have not required any tax payment holidays or support loans.

National lockdowns altered the UK's electricity demand profile with industrial and commercial consumption significantly reduced, providing National Grid with an opportunity to experience and better understand how to operate a high renewables grid effectively. Several records were broken during the first lockdown including the longest ever coal free period at over nine weeks, the highest ever solar generation levels, culminating on Saturday 24 May with the lowest-carbon day in the history of the UK's electricity grid.

[30] 7 reflections on balancing the grid this Spring and Summer | National Grid ESO

ELECTRICITY PRICES: DAY-AHEAD BASELOAD CONTRACTS



Source: https://www.ofgem.gov.uk/data-portal/all-charts/policy-area/electricity-wholesale-markets

Whilst we have closely monitored and taken measures to mitigate a range of issues which have arisen as a result of the Covid-19 pandemic, the most material issue has been negative power price movements. This has been driven by a global reduction in oil and gas prices and a national reduction in electricity demand. As the chart above illustrates, slowing growth in the global economy throughout 2019 led to a reduction in fossil fuel prices. Fossil fuel prices tend to set the UK's electricity price, as the wholesale electricity price is set by the marginal power plant to deliver electricity to the grid, and this tends to be natural gas. However, the 47% reduction in the wholesale power price seen between £68/MWh at their height in September 2018, to £36/MWh at the beginning of 2020, was exacerbated by a fall in demand of 10 to 20% as a result of the national lockdown, with prices falling a further £12/MWh to £24/MWh by April 2020 (£10/MWh lower than at any other point over the last ten years). However, by September 2020, the market had recovered to £45/MWh, and continued a positive trend until the end of 2020, finishing the year at £60/MWh.

Whilst these negative swings in power prices were material, the impact on prices secured by the Thrive portfolio was materially mitigated by two factors. Firstly, approximately 50% of our revenues are government backed financial support in the form of ROCs and FiTs and secondly, we tend to sell our power between one and two years ahead, therefore we had locked the majority of power sales in before the negative movements. Similarly, as power prices recovered in the fourth quarter of 2020, we have locked in prices for the coming 12 months.

However, our power price risk mitigation strategy was not perfect and over the course of 2020 the bundled power prices we secured were 6% below those which we had anticipated at the beginning of the year.

BREXIT

Throughout 2020, uncertainty continued in relation to the UK's exit from the EU on 1 January 2021. The key renewable energy and wider Net Zero targets are bound in law at the UK level, so the long-term trajectory remained positive despite the uncertainties associated with the ongoing Brexit negotiations.

This uncertainty and speculation did, however, have an impact on the strength of the pound against the euro. This impacts power prices, as natural gas generation tends to set the wholesale power price, and it tends to be traded in euros. In a period where the pound is weak, natural gas (priced in euros) is relatively high and places upward pressure on wholesale power prices, and vice versa, when the pound strengthens against the euro. Beyond this, Thrive saw little direct impact of Brexit during 2020.

The team continues to monitor the impact of any issues arising from import and border problems on the availability of capital equipment and spare parts but haven't experienced any material issues to date.

CONTRACTOR MANAGEMENT

We secured new long-term maintenance contracts at Caton Moor and Dunfermline, both offering financial savings over previous arrangements. The replacement of maintenance contractor at Caton Moor was prompted by the 2019 insolvency of Senvion GmbH, a large German supplier of wind turbines. Maintenance contracts at Severn, Boardinghouse and Fenpower, also previously with Senvion, were transferred to Siemens Gamesa Renewable Energy Services with their acquisition of the insolvent business. Service continued without interruption and all contractual obligations are being honoured. Thrive considered the implications of a "no deal" Brexit on the supply of parts, labour and services from suppliers based in Europe and were pleased to see contractors preparing similarly.

PROJECT LIFE EXTENSION SECURED

With the government committed to a target of net zero by 2050, it is essential that existing renewable energy capacity is retained alongside additional volume and flexibility. Thrive is investing in "life extension" on existing sites – securing rights, assessing condition and developing procedures to operate beyond the originally consented project timeframe. In October, our Haverigg II project was granted planning consent for an additional ten years of operation on the site until 2032. At other sites technical assessments and discussions with key stakeholders are progressing.

DEBT REFINANCING

Over the course of 2020 we took advantage of the lower long-term lending rates which prevailed during the year, successfully reducing the Group's average bank lending rate from 5.6% to 3.3%. This was achieved by the refinancing of existing lending and whilst this resulted in additional costs in 2020 for early termination of interest rate swaps and bank arrangement fees, over the remaining life of the debt we will save more than £4 million of interest payments.

[31] https://www.dnvgl.com/article/uk-windiness-2020-higher-than-long-term-averages-what-are-the-implications-for-you--196459

Engineer at United Downs

OPERATIONAL RESULTS

The company's owned portfolio generated 139,023MWh during 2020 which was 8.1% higher than during the previous year (2019: 128,626MWh). Primarily this was due to good wind resource across the country, with 2020 reported as being 6% windier than the long-term average. This was particularly pronounced in the seasonally windier months of the first quarter with storms Ciara, Dennis and Jorge making headlines in February alone.

Thrive Renewables' total investment portfolio generated 187,332MWh from 16 operational projects in 2020. This is a reduction of 5.5% in generation from the previous year (2019: 198,339MWh, 19 projects), despite the better wind resource. The reduction reflects the sale of two wind farms in 2019 (Kessingland and Wern Ddu) and the full repayment of mezzanine loans which had enabled three wind farm developments (Brotherton and Gevens in 2019; Mean Moor in 2020).

The projects we have exited continue to generate renewable energy. The capital released is already providing important investment to facilitate additional generation and flexibility for the UK energy system, including one new loan for a hydro electric project (Loch a'Bhraoin) which commenced generation in Autumn 2020.

COMPARISON OF 2020 GENERATION AGAINST 2019

SITE	GENERATION COMMENCED	GENERATION 2020 MWH	GENERATION 2019 MWH	GENERATION CHANGE %	SITE INFORMATION
Beochlich	1998	3,839	4,012	(4.3%)	The 1MW hydro-electric project feeds off the Beochlich burn south of Loch Awe. Necessary work on the pipeline in January was completed quickly but impacted production early in the year.
Haverigg II	1998	5,001	5,156	(3.0%)	In October 2020, an extension of ten years was granted to the planning consent for this four turbine site on the coast in Cumbria. Work to upgrade and replace certain components for this “life extension” began during the second half of the year.
Sigurd	2001	4,690	4,220	11.1%	Named after the legendary hero of Norse stories on Orkney, the single 1.3MW turbine is located on one of the windiest onshore sites in Europe. Work was undertaken during 2020 to assess and address key turbine components as the project approached 20 years of operation.
Caton Moor	2006	39,069	34,782	12.3%	This 16MW, eight turbine site close to Lancaster is the largest wind farm in Thrive’s portfolio. Generation was impacted during the second half of the year due to coincidental failure of gearboxes in three turbines. A new maintenance provider has prioritised repairs but the timeline is dictated by limited availability of these bespoke main components. The three units are scheduled for replacement in spring to summer 2021.
Ness Point	2005	2,383	4,417	(46.1%)	Nicknamed “Gulliver” in a local newspaper competition, this 2.75MW turbine is located at the most easterly point in England. Generation was severely impacted during 2020 by a recurrent fault which proved difficult to diagnose and rectify. Plans to improve reliability of this important asset are being considered.

SITE	GENERATION COMMENCED	GENERATION 2020 MWH	GENERATION 2019 MWH	GENERATION CHANGE %	SITE INFORMATION
Wern Ddu	2010	0	2,837	n/a	This project in North Wales was sold in February 2019. The four-turbine wind farm will continue generating renewable electricity under the new ownership.
Kessingland	2011	0	1,461	n/a	This project in Suffolk was sold in February 2019. The two wind turbines will continue generating renewable electricity under the new ownership.
Dunfermline	2011	3,075	2,393	28.5%	This 1.5MW turbine is built on the site of an industrial host with high electricity demand. The turbine is able to supply renewable electricity directly to the industry host via a "direct wire". The project benefitted from good wind resource and reliability during 2020.
Eye	2013	14,041	12,527	12.1%	This 5MW, two-turbine project is developed on the Eye Airfield Industrial Estate, supplying a growing number of tenants with renewable energy. The project saw a second consecutive increase in annual production due to good wind conditions.
Fenpower (Ransonmoor)*	2013	6,692	5,189	29.0%	Thrive owns a 24.9% share of the five-turbine Ransonmoor wind farm in Cambridgeshire. Improvements in reliability and changes to contractual arrangements contributed to a notable increase in annual generation from the previous year.
Severn	2013	20,577	14,547	41.5%	This four-turbine, 8.2MW wind farm is built in the industrial dockland area of Avonmouth near Thrive's offices in Bristol. Two necessary main component exchanges were managed effectively during 2020 which contributed to an increase in annual generation from the site.
March	2014	4,133	3,623	14.1%	This single 1.5MW wind turbine is built in the grounds of a major UK food supplier supplying renewable electricity directly to their operations.

SITE	GENERATION COMMENCED	GENERATION 2020 MWH	GENERATION 2019 MWH	GENERATION CHANGE %	SITE INFORMATION
Auchtygills	2015	1,290	1,922	(32.9%)	The 800kW Auchtygills turbine is located on a working farm in Aberdeenshire and just a few miles from the Clayfords project. An electrical fault in the substation during spring of 2020 prevented export of power from the turbine for a period in the early spring.
Clayfords	2015	2,018	1,940	4.0%	The 800kW Clayfords turbine is located on a working farm in Aberdeenshire and just a few miles from the Auchtygills project. Their close proximity and similarities allow efficiencies in maintenance and servicing.
Boarding -house*	2015	22,918	20,848	9.9%	Thrive own a 75% share in the five-turbine wind farm at Boardinghouse in Cambridgeshire. Generation was improved due to good wind resource and resolution of service contract arrangements following insolvency of the previous maintenance provider in 2019.
Drumduff*	2017	9,299	8,750	6.3%	This three-turbine wind farm in the Scottish central belt is built on the site of a disused open cast coal mine, nicely illustrating the transition from fossil fuels to renewables. It is run as a joint venture with Thrive owning 50% of the project. The wind farm saw an increase in generation during 2020 due to marginally higher annual wind speeds and improved technical performance.
Total		**139,025**	**128,626**	**8.1%**	

A key part of our operational strategy is to extend the life of our more mature sites. We continue to invest in a programme of additional inspection, maintenance and component replacement works to continue operate in the long term, making the most of the existing infrastructure and power sales arrangements.

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

HEALTH AND SAFETY

There were no incidents reportable to the Health and Safety Executive (HSE) in 2020 from operations or construction across our portfolio of projects. The safety of all technicians, visitors and personnel associated with our sites is paramount and managed through site rules, inductions and safe systems of work overseen by competent contractors and asset managers on each project.

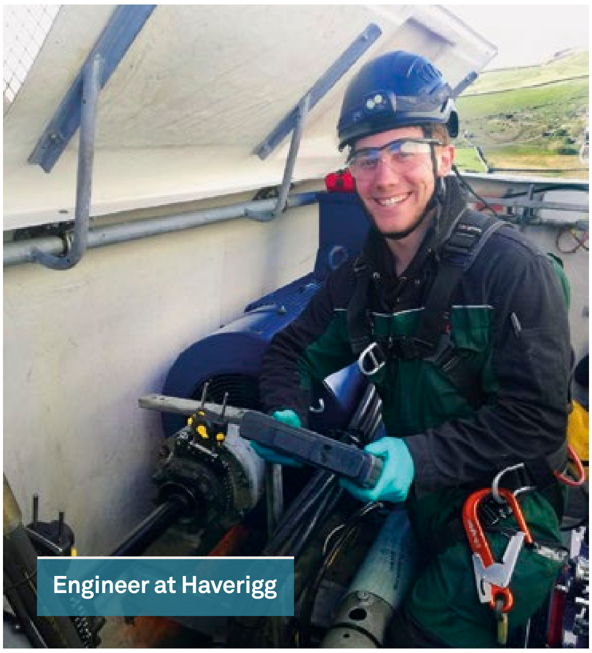
SafetyOn

We continue our Tier 2 membership of the SafetyOn organisation to share industry good practice and contribute to the continual improvement of health and safety management throughout the UK onshore wind sector. At the start of 2020, our board of directors benefitted from the positive and constructive feedback of an independent health and safety consultant.

The year was dominated by Covid-19, declared by the World Health Organisation (WHO) as a pandemic in March 2020. Whilst electrical generation was classed as critical infrastructure and site technicians recognised as key workers, it was necessary for Thrive to ensure appropriate arrangements were in place for determining what field work was "essential", to comply fully with prevailing national and regional regulations and to handle the varied requirements of our diverse contractor base. In the first national lockdown we experienced temporary difficulties in securing local accommodation, scheduling specialist technicians travelling from European countries and responding to the needs of individual workers needing to self-isolate or with reactive family responsibilities.
We were pleased to engage positively with all our partners in the industry to overcome these issues and ensure risks were properly mitigated so technicians and their families were protected.


Adrian Warman,
Head of Operations

Within Thrive, our small team was able to work productively away from the office using secure, cloud-based IT systems already established to support remote working. We embraced online video conference software to maintain work and social contact whilst also ensuring our office environment was Covid-safe for essential time there. Managing mental health and anxiety was given additional attention through channels such as mental health awareness training, our employee assistance programme, flexible working arrangements and regular dialogue among the entire team.


Engineer at Haverigg

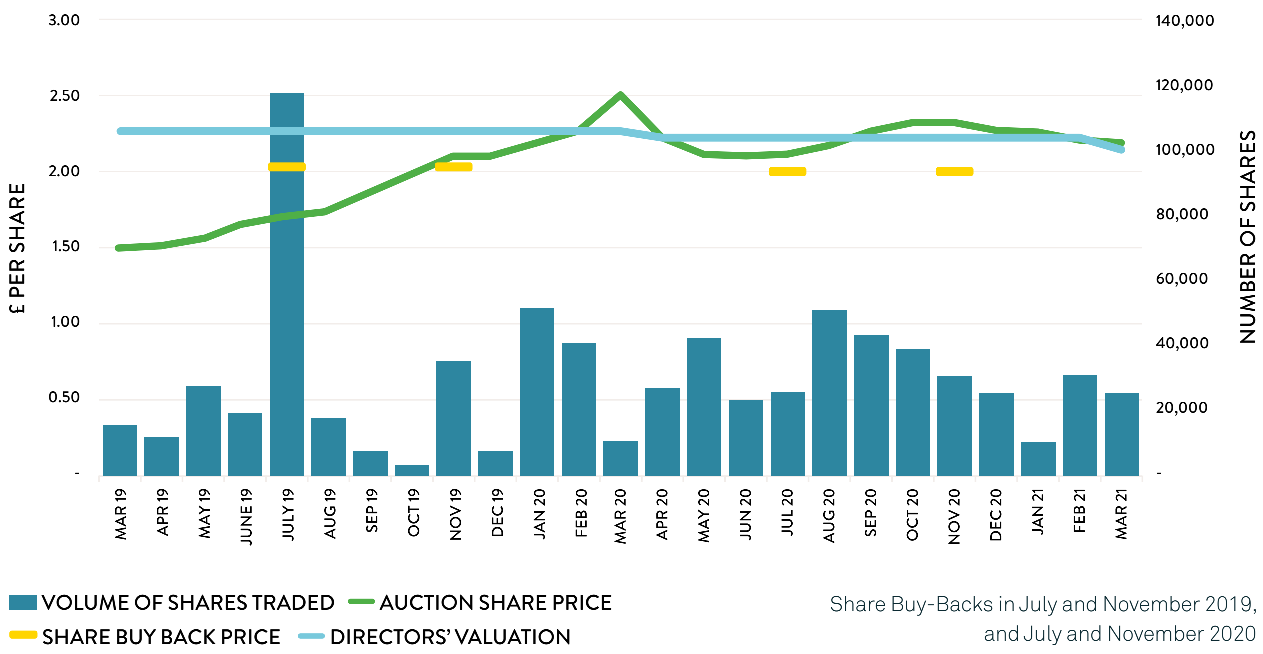
THRIVE RENEWABLES SHARES

Thrive unites a community of impact investors; 5,403 shareholders in addition to bondholders. Amounts invested vary from £5 to several million.

The number of Thrive shares in issue has risen by 0.5% (from 22,530,549 in December 2019 to 22,640,049 in December 2020). This increase has occurred as a result of the net impact of a decrease in shares following the buy-back and resulting cancellation of 1,480 shares, and a significant number of shareholders who have opted for Scrip dividends. 16.1% of shares have elected to Scrip dividends, where shareholders take the value of dividends in additional shares, rather than in cash. £0.25m of additional capital remained in the company and will be used to finance additional growth by investment in new renewable energy projects.

Thrive is not listed on a recognised market such as the London Stock Exchange (LSE), or Alternative Investment Market (AIM). The directors aim to provide liquidity (the ability for shareholders to sell and buy shares) through two mechanisms, the operation of a monthly share auction and the provision of a share buy-back scheme.

THRIVE RENEWABLES PLC - SHARE TRADING*



Share Buy-Backs in July and November 2019, and July and November 2020

* Please note that this historic performance of Thrive's shares should not be relied upon as a guide to how the shares will perform in future.

RECOMMENDED DIVIDEND

The approved final dividend for 2019 of 7p per share was paid in July 2020, representing 3% of £2.24, the average traded price of shares in 2020.

For 2020, the directors recommend the payment of a 7p dividend in July 2021, which will be subject to approval by shareholders at the AGM on 21 June 2021. This dividend is consistent with that paid in 2020 and a result of continued strong operating results.

HYBRID AGMS

In June 2020 at Thrive's AGM, we sought and secured approval from shareholders for an amendment to the company's Articles of Association to permit hybrid AGMs in future. Unfortunately, due to lock down the AGM was held with just two shareholders present, with 66 shareholders accessing the meeting remotely, having voted by proxy in advance. This year, due to the risk of continued lock down, with the rights afforded to us in the amended articles we intend to once again hold the physical meeting with just two shareholders present, but this year, shareholders joining remotely will have the ability to fully participate in voting. Going forwards, we anticipate running hybrid AGMs, with our more traditional physical meeting, combined with active remote participation, with a view to engaging with as many of our shareholders as possible, whilst avoiding unnecessary travel and the associated carbon footprint.

KEY PERFORMANCE INDICATORS

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

KPIs	2020	2019	2018	2017
Turnover	£13.5m	£13.8m[32]	£16.52m	£15.61m
Operating Profit	£3.4m	£4.1m	£5.4m	£4.40m
Profit (after tax and minority interests)	£1.4m	£17.6m[33]	£2.8m	£1.87m
Total investors	6,082	6,096	6,152	6,243
Directors' Valuation (previously called Directors' Recommended Share Price)	£2.28 until April 2020: £2.23 from April 2020[34]	£2.65 until March 2019; £2.28 from March 2019	£2.60	£2.35
Dividend paid	7p Final	7p Final 40p Interim	4p	4p
Reportable health and safety incidents	0	0	1	0
Average UK Homes Equivalent of electricity generated (Impact portfolio)	41,903	44,713	55,797	51,971
Office, home working and business travel CO_2e emissions	2.4 tCO_2e	4.9 tCO_2e	–	–

[32] Reduction in 2019 as a result of the two projects sold

[33] 2019 was exceptional due to the gain on sale of two subsidiaries of £15,429,233

[34] Directors valuation updated to £2.15 in March 2021 as a result of the future increase in corporation tax rate

ANALYSIS OF KEY PERFORMANCE INDICATORS – NON FINANCIAL MEASURES

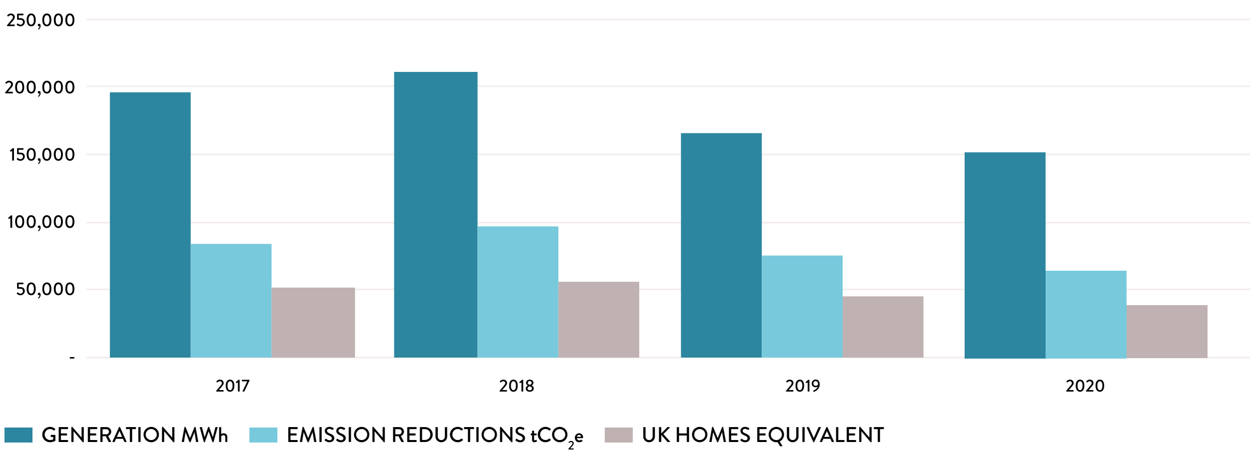
Total investors – it is Thrive's mission to provide an opportunity for all individuals to connect with clean energy projects. Building a community of investors is a key objective for us and we achieve this by having low minimum investment values and working hard to broaden brand awareness. Therefore, the number of investors is an important measure for us. Our last fund raise opportunity was launched in 2016 and since then we have been working to deploy both the funds raised and the capital realised from the sale of two operational projects. We intend to continue providing opportunities for individuals to be part of the UKs energy transition.

Electricity generation, measured in average UK homes equivalent – the key measures of Thrive's electricity generation and emission reductions delivered, can be difficult to visualise, so we choose to characterise this in UK homes equivalent. The impact figures we report comprise the electricity generation of the projects we own adjusted for the proportion of ownership in the case of co-ownership, plus the generation of projects we have provided mezzanine debt finance to, as this funding would typically be equity. The year on year decrease of 6% in homes equivalent reflects the combined impact of a reduction in generation by 10% (see the operations section) in the same period, and the increased energy efficiency of the average UK home, which consumes less power per annum than the previous year.


Avonmouth school visit 2019

Office, home working and business travel emissions – in our first steps towards reporting Thrive's carbon impact, we are capturing the carbon footprint of our office, home working and business travel. We intend to increase the comprehensiveness of our carbon reporting over the coming year. The halving of emissions between 2019 and 2020 is principally driven by the year on year reduction in business travel, more than netting out the additional emissions from the team home working for the majority 2020 in response to lock down and social distancing measures.

THRIVE RENEWABLES ELECTRICITY GENERATION AND IMPACT



> "Thrive has demonstrated the resilience of renewable energy throughout the year despite the operational challenges imposed by the Covid pandemic. The team has ensured that working remotely has not interrupted the safe and efficient generation of renewable energy at any time. A great achievement."

Charles Middleton, Non Executive Director

Caton Moor wind farm

FINANCE

FINANCIAL REVIEW

The Group results are a statutory pre-tax profit of £2,618,353 for the year ended 31 December 2020 compared to £18,443,921 in 2019 (2019 was exceptional due to the gain on sale of two subsidiaries of £15,429,233). The statutory results under IFRS include movements on the fair values of financial instruments (loss of £13,384 in 2020 and a gain of £122,725 in 2019). Excluding the impact of gain on sale of subsidiaries in 2019 and the market-based financial instrument gains and losses, the underlying pre-tax profit in 2020 was £2,631,737 which has decreased from £2,891,962 in 2019. This result was affected by a number of factors:

- As a result of good wind speeds, generation from our subsidiary companies was 7% higher in 2020 (123,032MWh compared to 114,687MWh in 2019) despite the operational issues experienced on some sites. However, due to lower electricity prices in 2020, revenue has decreased by £336,000 year on year. During the Covid-19 pandemic, wholesale electricity prices decreased 15-20%, however through pricing fixing within our power sales agreements we were able to mitigate some of the impact, although we have still experienced a 9% reduction in revenue.

- Cost of sales was £356,000 higher in 2020. One of the main contributing factors is increased depreciation at Ness Point and Caton Moor where major components have been written down as they need to be replaced in the coming year. In addition, there were significant repairs at Ness Point, Sigurd and March to resolve operational issues. There were some savings from operator charges, land rental and transmission costs but overall costs are significantly higher.

- In 2020, the portfolio has benefited from significant other income for availability warranties leading to an increase of approximately £369,000. This is compensation for lost revenue at Severn and March.

- There has been an overall £352,000 increase in administrative cost in 2020. The increase is the result of higher insurance costs experienced at the November 2019 renewal and legal fees related to debt re-financing.

- Finance costs have decreased by £677,000 as a result of capital repayments and reduced interest rates negotiated.

- Finance income has reduced by £320,000 as a result of mezzanine loan repayments. Share of associated profits has increased by £58,000 this year as a result of increased generation at Fenpower.

- Overall pre-tax profit excluding the gain and movement in fair value of derivatives is £260,000 lower in 2020 as a result of these factors.

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

TURNOVER SUMMARY BY OPERATING SITE

SITE	DATE ACQUIRED	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Beochlich	1998	399	492	448	448	288	313	242	342
Haverigg II	1998	572	676	427	424	364	433	416	375
Ness Point	2005	251	545	530	509	224	561	605	440
Caton Moor	2006	3,682	3,645	4,039	3,468	2,861	3,439	3,604	3,571
Sigurd	2006	491	502	417	201	365	265	202	189
Wern Ddu*	2009	–	287	1,848	1,928	1,551	2,138	1,843	1,946
Kessingland*	2010	–	169	1,277	1,340	1,470	1,703	1,680	1,522
Dunfermline	2011	621	468	500	513	411	589	513	494
Eye	2012	1,585	1,388	1,275	1,355	1,258	1,446	1,599	1,034
Severn	2012	1,860	1,517	1,789	1,715	1,443	1,752	1,634	190
March	2013	743	639	551	637	661	747	95	–
Auchtygills	2007	200	315	312	281	268	144	–	–
Clayfords	2007	307	300	289	290	249	165	–	–
Boardinghouse	2014	2,755	2,895	2,821	2,453	2,122	1,457	–	–
Other	N/A	35	–	–	48	7	6	–	–
Total**		**13,501**	**13,838**	**16,523**	**15,610**	**13,542**	**15,158**	**12,433**	**10,103**

* Turnover to the point of sale in February 2019

** Turnover only relates to subsidiaries of Thrive.

On 31 December 2020, the group held £29,462,000 of cash compared to £19,532,000 in 2019. This amount was high at the end of 2020 due to the repayment of loan assets and new bank lending which has not yet been invested. Cash reserves are held in the business for working capital requirements and debt service reserves. The group's net debt at 31 December 2020 was £7,271,000 (2019: £15,211,000), a decrease of £7,940,000 over the previous year as a result of the increased cash from mezzanine debt repayments. The ratio of net debt to fixed assets at 31 December 2020 was 16% compared to 32% in 2019.

The results for 2020 show strong financial and operating performance and the directors consider that Thrive Renewables remains in a strong financial position to progress in the future.

GOING CONCERN

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

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

PRICE RISK

Thrive Renewables has a degree of exposure to the wholesale electricity market at all sites. To mitigate this risk, we negotiate power purchase agreements (PPAs) with a range of time horizons, indexation, price fixing mechanisms and 'floor' prices to protect our downside risk.

INTEREST RATE RISK

Thrive Renewables uses a mixture of debt and equity to finance growth in the portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations. The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long-term loans are subject to fixed interest rates that eliminate exposure to interest rate increases. Where long-term loans are not at fixed interest rates, the group seeks to fix these through the use of interest rate swaps. At present all debt is at fixed interest rates.

CREDIT RISK

In the event of default by a customer, significant financial loss could arise. However, Thrive Renewables will normally only consider entering into power purchase agreements (PPA) for the sale of its electricity with utility companies or government-backed contracts. With merchant projects such as Dunfermline, March and Eye, an industrial host is the primary recipient of production, and therefore the counterparty to the PPA. However, there are also power purchase arrangements in place with reputable utility companies to receive any excess power, and the entire volume in the case of default of the host. In 2020 the difficult economic conditions presented by the Covid-19 pandemic have significantly increased credit risk for all businesses. We have increased monitoring of our counterparties and undertaken payment trend analysis for early warning signs of any issues. In addition, we are invoicing on a more regular basis where we are contractually able to reduce our exposure.

Thrive routinely enters into long term operations and maintenance agreements (OMAs) with turbine manufacturers which provide performance monitoring, servicing, fault finding and repairs. These agreements often include an availability warranty which provides for compensation in the event that the equipment does not perform. Availability is calculated annually, with any claims made retrospectively. This time lag represents a credit exposure. Thrive purchases equipment and enters OMAs with the world's leading manufacturers and monitors their financial standing to mitigate this risk. As a result of the Senvion insolvency, we have increased credit analysis of our major suppliers and have systems in place to mitigate the risks around large availability claims.

FOREIGN EXCHANGE RISK

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

OPERATING RISK

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

CASH AND LIQUIDITY RISK

Cash and liquidity risk describes the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The group has cash resources available to it and prepares, in the operating entities of the group, forecasts for the forthcoming year which indicate that in the directors' opinion it will have sufficient resources to fund the continuation of trade.

The group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

Typically, the group ensures that it has sufficient working capital to meet foreseeable operational expenses. At the year end the group had available facilities of £29.5m (2019: £19.5m).

GOVERNMENT POLICY

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

BREXIT RISK

Despite the fact that the UK left the EU on 1 January 2021 there continue to be uncertainties over the future relationship between the UK and EU. Whilst the business is not directly impacted it is expected that the rules governing the movement of goods and services will change. At the date of these financial statements there is agreement not to apply tariffs on imported goods and services but there could be delays on goods entering the UK which could impact the time taken to repair operational assets. In most cases the delay would be the responsibility of the maintenance contractor through their availability claims. In addition, the majority of capital equipment is imported. Thrive could therefore be exposed to increased capital equipment costs. Where possible, Thrive builds actual capital expenditure into valuations at the acquisition stage and would therefore seek to offset this exposure as part of its project acquisition strategy. This impact would be felt by all generators, so it is reasonable to expect that over time any change in cost base would be reflected in the price of energy, or that the UK based supply chain may grow over time.

Fluctuations in the pound euro exchange rate continue to be an exposure managed by the company. The operational cost exposure is manageable within operational cashflows. However, as much of the capital equipment to build a new renewables project is priced in euros, the impact on valuations of acquisitions can be material. Thrive therefore seeks to manage this exposure as part of project acquisition strategies by hedging the required foreign exchange exposure upon acquisition. In current market conditions, the wholesale electricity price is heavily influenced by the price of natural gas. This is traded in euros, so if the pound weakens against the euro, the cost of natural gas increases, and the price of electricity tends to increase also, which can have a positive impact on Thrive's revenue from electricity sales.

Thrive will continue to monitor the changes to laws and regulations and endeavour to respond to both opportunities and exposure as they become clear.

The UK's future approach to energy, environmental and climate change policy is critical to Thrive's growth plans. Legally binding Net Zero emission reduction targets have provided clarity around the government's ambition to transition to a sustainable energy future. Whilst Thrive continues to assess the impact of the Energy White Paper on our detailed strategy, it is clear that the UK needs growth in renewables.

CLIMATE RISK

In line with good governance, Thrive continues to consider 'climate risks' in the context of the business, both in terms of the physical and transitional risks.

In the context of transitional risk, as a mission driven business which has been established to contribute to addressing climate change by making investments into, and operating projects which clean up the UK's energy system, addressing climate is very much part of our DNA. With growing understanding and consciousness of the risk posed by climate change, we anticipate growing interest in investment into assets with lower GHG emissions, such as clean energy. We consider the divestment movement from fossil fuel based investments to carbon neutral solutions to be an opportunity as GHG emission reductions are a critical component of our investment criteria.

As a renewable energy generator, we are exposed to the weather. When we make an investment, we project future natural resource availability using in situ monitoring, combined with historic data. Individual investment valuation time horizons project forwards the full 2-30 years of expected operational life (depending on the technology and contractual framework). We deploy proven technology, designed and constructed to withstand extreme weather and maintain productivity in a wide range of conditions. As the weather becomes more extreme, installing the best available technology and diversification in the portfolio (both location and technology) will be increasingly important. This forms part of Thrive's investment strategy.

As the energy sector transitions away from fossil fuels to a renewables based system, the basis for pricing energy is also changing. We engage market leading expertise to provide scenario analysis of how the electricity system and energy mix will change and the consequences this will have on energy prices. Thrive uses this analysis to inform commercial decision making, long term investment choices, portfolio valuation and strategy.

Thrive has reported on the emission reductions generated by the Group since its establishment 26 years ago. In addition to this we are improving the way we measure and report on the carbon footprint of our operations with a view to achieving carbon neutrality in all areas of the business. Focusing on generating renewable energy is a good start, with wind turbines and the associated fabrication and construction in the UK having a carbon payback period of 6-12 months. We are now measuring scope 1 and 2 emissions which relate to our own business operations.

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 'creditor's days' calculation is possible.

SECTION 172(1) STATEMENT

The s172 duty requires directors to run the company for the benefit of its shareholders as a whole and in doing so the board should take into account the long-term impact of any decision, maintaining stakeholder relationships, the external impact of its activities and maintaining a reputation for high standards of business conduct.

Thrive's mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects. For 26 years, environmental and social responsibility have been at the core of our purpose and operations. We provide disclosure relevant to the requirements of Section 172(1) a)-f) throughout this report. The table below navigates where further context for Thrive's responsible approach to business and wider stakeholder considerations can be found. The board holds quarterly meetings, at which the executive present operational performance, progress against key objectives, risks and controls, investment opportunities and alignment with strategy. The strategy and objectives of the company are reviewed and where appropriate revisited annually. The development and agreement of the strategy and objectives of the company incorporate the long-term interests of wider stakeholders - including the members, suppliers and customers, employees and host communities - and the environment, with the intention of delivering positive impact.

In addition to the quarterly meetings, the board maintain four committees: operations and HSE, audit, remuneration and nominations. The committee structure provides the opportunity for more detailed insight and direction to be shared between the directors and the executive. The details of the committees are set out in the Corporate Governance section (page 47) of the report.

SECTION 172(1) REPORTING REQUIREMENT	EVIDENCE
(a) the likely consequences of any decision in the long term	Thrive's long-term approach is evidenced by both our track record and investment portfolio (see map/operations). Additionally, our investment criteria and approval process aims to identify and secure investment opportunities which deliver long term financial, environmental and social returns both aligned with our mission and values and achieving an appropriate balance between risk and return for investors. The Key Performance Indicators are detailed on page 37.
(b) the interests of the company's employees	Both the operations section on page 29 and corporate governance summary on page 49 present the objectives and ongoing review and development of our employee benefits. Pages 53 to 55 provide background on the skills, experience and roles of Thrive's board and executive team.
(c) the need to foster the company's business relationships with suppliers, customers and others	Thrive engages with a wide variety of suppliers, contractors and customers across the construction and physical operations of the project portfolio, investor and commercial activities, including power sales, land leases and banking. The majority of these relationship are long term (5 to 25 years) in nature. Our procurement process not only considers competence, capability, cost, terms and review of performance, but also where possible we aim to work with parties with aligned values.
(d) the impact of the Company's operations on the community and the environment	Positive environmental impact is at the heart of Thrive's mission and values. We routinely report on the volumes of renewable electricity generated and the resultant avoided GHG emissions. Positive social impact via our investor community, community energy funding bridge, community benefit programme, open days and educational activities are described throughout the director's report. Pages 19 to 25 summarise Thrive's environmental and social impact.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	Our reputation and integrity are fundamental to long term relationships with all stakeholders. For over 26 years, Thrive has offered individuals the opportunity to make direct investment into renewable energy projects, with a view to cleaning up the UK's energy system and ultimately addressing climate change. Trust is key and we earn that trust via rigorous governance, high standards of business conduct and transparency. Further details can be found in the Corporate Governance section of this report.
(f) the need to act fairly as between members of the Company	Thrive unites a community of over 5,400 shareholders who have invested between five and several million pounds. We provide transparent communications to all investors large and small via the Annual Report, Half Year update, company website and newsletters. These provide all members and wider stakeholders with information about the Company's performance, impact and material developments. A number of board directors and the executive team own shares in the Company (see page 48). Thrive operates a dealing code to mitigate the risk of the board and executive who may benefit from insider information from using this to the disadvantage of other shareholders.

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

K Cross.

Katrina Cross
Secretary

Drumduff wind farm

> Excellent to see Thrive continuing its exceptional performance throughout this hugely difficult 'Covid' year. Investments in five new sustainable energy projects and achieving B Corp certification - all done while working from home. Admirable.

Katie Gordon, Non Executive Director

DIRECTORS' REPORT

Board of directors 2020

The directors present their annual report on the affairs of the group, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2020.

Details of significant events since the balance sheet date are contained in note 36 to the financial statements. An indication of likely future developments in the business of the company and details of research and development activities are included in the strategic report.

Information about the use of financial instruments by the company and its subsidiaries is given in note 19 to the financial statements.

DIRECTORS

The current directors of the company are shown on page four. All directors served throughout the financial year and to date apart from Monika Paplaczyk who was appointed on 20th January 2021.

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	**2020**	**2019**
Matthew Clayton	884	858
Katrina Cross	–	–
Katie Gordon	–	–
Charles Middleton	–	–
Colin Morgan	–	–
Simon Roberts	684	664
Tania Songini	–	–
Peter Weston	2,631	2,631
Monika Paplaczyk	43	43

DIVIDENDS

The recommended dividend for 2019 of 7p per share was paid in July 2020. In addition, after a year of strong operational performance in 2020, the directors recommend a final dividend of 7p per share for payment in 2021.

We remain committed to paying annual dividends from the profits of the business (subject to maintaining appropriate financial reserves) and seeking further investment through share and bond issues to fund the group's growth. This is consistent with our approach to date and endorsed by feedback from the shareholder surveys conducted in 2019 and 2013.

CORPORATE GOVERNANCE

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

The table below summarises the responsibilities and membership of the four board committees.

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

BOARD COMMITTEE REPORTS

Each board committee's report for 2020 is presented below. The terms of reference of the board committees, and the wider governance structure is available on our website. The chair of each committee reports to the board on the committee's work and the board receives minutes of all committee meetings.

AUDIT COMMITTEE

The Role of the Audit Committee

The board's obligation to establish formal and transparent arrangements for considering how it should apply financial reporting and internal control principles, and for maintaining an appropriate relationship with the company's external auditors, PricewaterhouseCoopers LLP, is met through the Audit Committee.

The Audit Committee is chaired by Tania Songini and comprises one other independent non-executive director – Charles Middleton. Both committee members are considered to have recent and relevant financial experience. The Audit Committee met twice during 2020, including immediately before the company's full year results were published. It follows an agreed annual work program comprising both regular items and areas considered to require particular focus.

The Managing Director and Finance Director attend the meetings and the external auditors participate once a year. The Audit Committee chair or the Committee meet with the auditors, without management present, from time to time.

The specific items considered by the Audit Committee in 2020 included:

- Consideration of the half-yearly and interim management statements and preliminary full year results and the annual report and financial statements;
- Consideration of proposed budget for 2021;
- Consideration of compliance with accounting standards, appropriate accounting policies and practices, accounting and reporting issues and going concern assumptions;
- Continued enhancement of the company's risk register;
- Review and consideration of the effectiveness of internal financial and wider business controls and findings of related assurance work;
- Consideration of PricewaterhouseCoopers LLP's in-depth reports to the Committee on the scope and outcome of the annual audit and management's response.;
- Review and pre-approval of services provided by the auditors during the year, including all non-audit work performed by the auditors to ensure that the objectivity and independence of the auditors was not compromised – PricewaterhouseCoopers LLP only provided advisory work in respect of tax related matters;

- Recommending the re-appointment of PricewaterhouseCoopers LLP as the group's auditors;
- Confirmation that no concerns were raised with the Committee about possible improprieties in matters of financial reporting or other matters;
- Reviewing the Committee's terms of reference to ensure they reflect developments in corporate governance in the UK.

The Committee reviewed its activities in 2020 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference. It has satisfied itself that the company's business, and that of its subsidiaries, is being conducted in a proper and economically sound manner.

Tania Songini
Chair of the Audit Committee

NOMINATIONS COMMITTEE

The Nominations Committee met twice in 2020.

As part of the company's Articles of Association, all non-executive board members must stand for re-election every three years. The Nominations Committee considered that Simon Roberts, Katrina Cross and Charles Middleton continue to have relevant skills and experience and make a positive contribution. Therefore, their re-appointment was proposed at the company's AGM in June 2020. All were successfully reappointed.

A board effectiveness review was undertaken in December 2020, with all board members responding to a survey exploring a wide range of aspects of board performance. The results, which demonstrated strong confidence in the board's overall effectiveness and suggested some areas for further improvements, were discussed by the Committee in January 2021 before recommendations were presented to the board. It was agreed that performance reviews for each non-executive director would be carried out by the Chair in the second half of 2021 to inform both continued individual development and succession planning.

It was unanimously agreed in January 2021 that Monika Paplaczyk be appointed as an Executive director on the board, reflecting her material role in the business and the skills, expertise and insight which Monika can bring to the board.

Following a review of the Nominations Committee terms of reference in January 2021, the Committee concluded that they had satisfactorily discharged its responsibilities.

Simon Roberts
Chair of the Board and of the Nominations Committee

REMUNERATION COMMITTEE

The Remuneration Committee met twice in 2020. Charles Middleton (Chair), Katie Gordon and Colin Morgan were present at both meetings and Matthew Clayton was in attendance for one meeting.

The underlying remuneration policy agreed and implemented in 2017 remains unchanged. The policy provides for fair pay for a professionally managed values-based business.

The basis of the remuneration package is consistent throughout the company. The package comprises a basic salary, modest bonuses awarded annually in the case of exceptional individual and company performance, company pension scheme contributions, plus inclusion in the company's death in service and long-term sickness insurance scheme.

In 2019, following a benefits review, additional benefits were applied to all members of the team. The wider benefit package implemented includes additional days leave linked to length of service, an ability to buy additional leave, a sustainable holiday travel incentive and a private medical insurance scheme.

The B-Corp qualification process has provided the Committee with comfort that the benefit package in place is consistent with responsible employment practices.

During 2020 the Remuneration Committee reflected on the strong performance of the team particularly in the context of the impact of the Covid-19 related lockdowns and long-term remote working. This was taken into account during the salary review at the end of 2020.

It was agreed that in the second half of 2021 the Committee would review the merit of an external benchmarking exercise.

The salary ratios for the executive management team are presented in the table below. The Apprentice remuneration is excluded from these calculations (in line with reporting norms).

	2019	2020
Ratio of highest salary compared with lowest Salary	5.1x	5.9x
Ratio of highest salary compared with average (mean) salary	2.0x	2.2x

The non-executive directors' remuneration is a fixed annual fee. In January 2019, it was agreed that the non-executive remuneration would, subject to performance, be adjusted annually by inflation. Therefore, in January 2020 the non-executive directors fees were increased by 1.4% (CPIH) in January 2020 and 0.8% in January 2021.

In December 2020, the Remuneration Committee reviewed the committee's terms of reference and were satisfied that they had discharged their responsibilities delegated under them.

Charles Middleton
Chair of the Remuneration Committee

OPERATIONS, HEALTH, SAFETY AND ENVIRONMENT (OHSE) COMMITTEE

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

The Committee met four times during 2020 to agree the company's health, safety and operational targets and to monitor progress against them. Two non-executive directors, Peter Weston (Chair) and Colin Morgan, were present at all four meetings, and they were joined by Adrian Warman (Head of Operations), Monika Paplaczyk (Investment Director), and Matthew Clayton.

The committee oversaw the replacement of the O&M contractors at key sites following the insolvency of Senvion GmbH. The committee also monitored the company's mitigation of the health and safety and operational risks which emerged in March as a result of the Covid-19 pandemic and associated lockdown measures. The committee continues to provide oversight on the life extension and measures being taken to improve the reliability of the portfolio.

In October 2020, the OHSE Committee reviewed the Committee's terms of reference and were satisfied that they had discharged the responsibilities delegated under them.

Peter Weston
Chair of the OHSE Committee

BOARD OF DIRECTORS, MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

SIMON ROBERTS OBE

Chair
Joined Board: March 2009
Board Committee membership:
Chair of Nominations Committee

Simon has spent more than 35 years helping people, organisations and policymakers change the way they think and act on energy. Since 2002 he has been Chief Executive of the Centre for Sustainable Energy (CSE), one of the UK's leading energy charities. Prior to this, he held senior roles at Friends of the Earth and Triodos Bank. He was Managing Director of Thrive Renewables (when it was The Wind Fund) from 2000-2002.

An experienced policy analyst and strategist, Simon is a specialist advisor to government, industry and academic bodies, including Ofgem on energy network regulation and the government on the UK's plans to cut carbon emissions. He was appointed to the government's Smart Systems Forum in 2017, advising on the transition to a smart, very low carbon electricity system. In 2019 he led the team assessing how Bristol could meet its target to achieve 'net zero carbon emissions by 2030' in response to the climate emergency. Simon is a non-executive director of Bristol Green Capital Partnership CIC and a member of Bristol's One City Environmental Sustainability Board. He was awarded an OBE in 2011 for services to the renewables industry.

CHARLES MIDDLETON

Senior Independent Director
Joined Board: July 2016
Board Committee membership: Chair of Remuneration Committee, Member of Audit Committee

Charles has spent most of his career in banking, initially at Barclays where he worked in the UK and overseas in India, Botswana and the Caribbean. More recently he was Managing Director of Triodos Bank in the UK for 14 years, developing his interest in supporting environmental and social projects. During this time, he was actively involved in the development of Triodos Renewables up until the moment it became Thrive Renewables.

He is currently on the boards of Palladium Impact Capital and Bamboo Capital Partners, part of the Palladium Group, an Australian based organisation that implements international development programs. He is also on the investment committee of a Social Impact Fund investing in organisations in the West Midlands and was, until recently on the board of a microfinance bank in India. He practices as a psychotherapist and coach working with individuals and teams and is also the Chair of ChildHope, an organisation that works with street children across the world.

MATTHEW CLAYTON

Managing Director
Joined Board: December 2010

Matthew has worked in the Thrive Renewables team (formerly Triodos Renewables) since 2006 and undertakes the overall management of Thrive Renewables Plc (as a full-time employee and prior to March 2016 under the management agreement with Triodos Bank). In this time Matthew has contributed to the 15-fold growth in the company. At Triodos Bank, Matthew's responsibilities included leading the Energy and Climate equity investment team and membership of the Energy and Climate investment committee. Prior to joining Triodos Bank, Matthew was part of a small team which established Camco International, one of the world's leading carbon trading companies, focusing on supporting sustainable energy projects via the Kyoto framework. Before this, Matthew worked in risk management for TXU's Energy Trading team.

KATRINA CROSS

Finance Director and Company Secretary
Joined Board: February 2016

Katrina joined Triodos Bank in 2012 as Head of Finance and Operations for Investment Management UK which provided the financial and administrative support functions to Triodos Renewables and investment funds managed by the bank in the UK. In 2015 Katrina left Triodos to set up her own business but continued to provide finance director services to Thrive Renewables and in December 2018 joined the company on a full-time basis. Katrina is a qualified accountant, trained with a general practice and Coopers & Lybrand tax division and spent seven years with Watts Gregory as head of audit with a wide range of clients including charities, SMEs and large private companies. Prior to joining Thrive Renewables, Katrina spent seven years as a finance director of an environmental company that remediated contaminated land. During this time Katrina steered the company to profitable sustained growth which resulted in the company being purchased by a Canadian public company looking to expand in the UK. Working for Thrive Renewables enables Katrina to work towards providing robust financial returns to investors whilst delivering strong social and environmental benefit.

MONIKA PAPLACZYK

Investment Director
Joined the Board: Jan 2021

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

TANIA SONGINI

Non-Executive Director
Joined Board: October 2015
Committee membership: Chair of Audit Committee

Tania has a portfolio of Non-Executive Director roles and business consulting work. Tania is also NED and Chair of the Audit Committee at London Energy (a waste to energy operator), NED at Oxford Policy Management (a development consultancy), at the Private Infrastructure Development Group (a fund enabling and financing infrastructure projects in Sub-Saharan Africa and South/South-East Asia) and at Guernsey Electricity (the sole commercial electricity supplier on the island of Guernsey). Her consulting work focuses on strategy and productivity programmes across Siemens Healthcare in EMEA.

Previously, Tania worked for leading global engineering and technology services company Siemens, where she held a number of finance director and non-executive board director roles, including for Siemens Energy in the UK where she was also Controller for Siemens Energy North West Europe region. Tania is the Chair of ViaNinos UK, a charity she established in the UK in 2009 that supports projects helping street and working children in Ecuador.

PETER WESTON

Non-Executive Director
Joined Board: March 2011
Committee membership: Chair of Operations, Health, Safety & Environment Committee

Peter is Global Programmes Director at Energy 4 Impact, a non-profit organisation which supports small businesses in off-grid sustainable energy in sub Saharan Africa. Peter is an expert in renewable energy, bringing to the Thrive board over 25 years experience as an investor, lender and strategic adviser in the renewable energy sector. He is a board member of Renewable World, which manages micro-scale renewable projects in developing countries, and was a visiting lecturer on energy finance at ESCP Business School. He was previously global head of finance and investment for two power equipment suppliers – Siemens Wind Power and MAN – and led GE Capital's European energy lending team. Prior to this he held management roles at the bank WestLB and the trading firm Aquila Energy. Peter has a BA in Economics and Politics from Warwick University.

KATIE GORDON

Non-Executive Director
Joined Board: June 2013
Committee membership: Member of Nominations Committee, Member of Remuneration Committee

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

COLIN MORGAN

Non-Executive Director
Joined Board: May 2013
Committee membership: Member of Operations, Health, Safety & Environment Committee, Member of Remuneration Committee

Colin is a Chartered Engineer who has worked in the renewable energy industry since 1987 primarily on the development, construction, operation and financing of projects. He also works as a consulting engineer in Everoze, a technical and commercial clean energy consultancy of 50 staff which he co- founded. Presently, his work is mainly in the managing the early stage development of offshore wind farms. Previously, he grew and ultimately led one of the global regions for DNV GL – at the time the world's leading renewable energy consultancy – including having overall profit and loss responsibility for a team of 400 staff. He is a graduate of Imperial College London, a qualification supplemented throughout his career by ongoing technical training as well as training in contract management, leadership and governance. Colin's technical specialisms include: wind farm development, wind turbine design and analysis, storage and flexibility, wind and energy resource assessment, strategic analysis, and technical due diligence of projects.

EXECUTIVE MANAGEMENT TEAM

MATTHEW CLAYTON

Managing Director
See previous in the Board section

KATRINA CROSS

Finance Director and Company Secretary
See previous in the Board section

MONIKA PAPLACZYK

Investment Director
See previous in the Board section

ADRIAN WARMAN
Head of Operations

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

LOUISE DANIELS
Head of Communications & Marketing

Louise joined Thrive Renewables in September 2018. She has been working in marketing communications for more than 25 years, initially in PR consultancy and latterly in house for ethical business and social enterprises. Renewable energy is one of her passions and she has considerable experience in the sector, having previously managed PR for Good Energy and Mongoose Energy. At Thrive, Louise is responsible for managing communication with all external stakeholders including shareholders, partners, the industry and local communities. She has a degree in French, a Postgraduate Certificate in Education and the Chartered Institute of Public Relations Postgraduate Diploma.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and Company's auditors are aware of that information.

AUDITORS

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

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

Katrina Cross
Secretary
Date: 6 May 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THRIVE RENEWABLES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- Thrive Renewables Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2020; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

INDEPENDENCE

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

CONCLUSIONS RELATING TO GOING CONCERN

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those laws and regulations that have a direct impact on the preparation of the financial statements such as UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- testing journal entries to identify any entries which met our risk criteria, in particular journal entries with unusual account combinations to cash and revenue;
- testing management bias in estimates, in particular estimates used for the goodwill impairment analysis. This included testing managements estimation of the discount rate and performing a sensitivity analysis; and
- Incorporated unpredictability procedures within our testing through testing of the legitimacy of a sample of expenses.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

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

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

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

Date: 6 May 2021

Avonmouth school visit 2019

STRATEGIC REPORT
DIRECTORS' REPORT
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 £	2019 £
CONTINUING OPERATIONS			
Revenue	5	13,501,797	13,838,065
Cost of sales		(7,521,673)	(7,165,969)
GROSS PROFIT		5,980,124	6,672,096
Other operating income	6	439,170	70,006
Administrative expenses		(2,972,113)	(2,619,726)
OPERATING PROFIT		3,447,181	4,122,376
Finance costs	9	(1,873,270)	(2,550,323)
Finance income	9	904,030	1,224,120
Movement in fair value of derivative Financial instruments		(13,384)	122,725
Gain on sale of subsidiaries		–	15,429,233
Share of profit of associates	7	153,796	95,790
PROFIT BEFORE INCOME TAX	10	2,618,353	18,443,921
Income tax	11	(1,096,342)	(667,314)
PROFIT FOR THE YEAR		1,522,011	17,776,607
Profit attributable to:			
Owners of the parent		1,404,639	17,571,683
Non-controlling interests		117,372	204,924
		1,522,011	17,776,607

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
PROFIT FOR THE YEAR	1,522,011	17,776,607
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,522,011	17,776,607
Total comprehensive income attributable to:		
Owners of the parent	1,404,639	17,571,683
Non-controlling interests	117,372	204,924
	1,522,011	17,776,607

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTE	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	14	2,947,747	2,947,747
Other Intangible assets	15	8,791,299	9,746,526
Property, plant and equipment	16	36,953,403	39,994,948
Investments - associates and joint ventures	17	2,454,414	2,650,678
Investments	17	25	–
Loans and other financial assets	18	6,017,509	13,221,138
Deferred tax	30	157,017	39,044
		57,321,414	68,600,081
CURRENT ASSETS			
Trade and other receivables	21	4,212,200	5,002,600
Financial assets at fair value through profit and loss	20	3,000,000	–
Cash and cash equivalents	22	29,462,261	19,532,459
		36,674,461	24,535,059
TOTAL ASSETS		93,995,875	93,135,140
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	11,320,025	11,265,275
Share premium	25	25,281,228	25,089,233
Capital redemption reserve	25	151,402	150,662
Retained earnings	25	8,771,615	8,947,084
		45,524,270	45,452,254
Non-controlling interests	23	1,374,077	1,551,976
TOTAL EQUITY		46,898,347	47,004,230

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AT 31 DECEMBER 2020

	NOTE	2020 £	2019 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	19	143,029	582,145
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	30,697,201	31,502,766
Leasing liabilities	28	1,480,275	1,569,623
Deferred tax liabilities	30	4,856,872	4,422,974
		37,177,377	38,077,508
CURRENT LIABILITIES			
Trade and other payables	26	3,314,431	4,108,722
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	6,036,064	3,240,906
Leasing liabilities	28	122,470	119,063
Tax payable		447,186	584,711
		9,920,151	8,053,402
TOTAL LIABILITIES		47,097,528	46,130,910
TOTAL EQUITY AND LIABILITIES		93,995,875	93,135,140

The financial statements on pages 61 to 106 of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 6 May 2021 and signed on its behalf by:

Matthew Clayton
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTE	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	16	8,735	22,743
Investment in associates	17	–	–
Investments	17	17,680,551	17,680,551
Loan receivables	18	5,507,008	12,871,138
Deferred tax asset	30	43,752	34,197
		23,240,046	30,272,335
CURRENT ASSETS			
Trade and other receivables	21	23,563,076	24,851,841
Financial assets at fair value through profit and loss	20	3,000,000	–
Tax receivable		–	29,702
Cash and cash equivalents	22	18,837,978	10,699,930
		45,401,054	35,581,473
TOTAL ASSETS		68,641,100	65,853,808
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	11,320,025	11,265,275
Share premium	25	25,281,228	25,089,233
Capital redemption reserve	25	151,402	150,662
Retained earnings	25	11,389,209	12,471,047
TOTAL EQUITY		48,141,864	48,976,217

COMPANY STATEMENT OF FINANCIAL POSITION - CONTINUED

AT 31 DECEMBER 2020

	NOTE	2020 £	2019 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	10,705,859	10,659,841
Leasing liabilities	28	–	7,627
		10,705,859	10,667,468
CURRENT LIABILITIES			
Trade and other payables	26	9,785,750	6,198,976
Leasing liabilities	28	7,627	11,147
		9,793,377	6,210,123
TOTAL LIABILITIES		20,499,236	16,877,591
TOTAL EQUITY AND LIABILITIES		68,641,100	65,853,808

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The company's profit for the financial year was £498,270 (2019 - £18,076,117). The profit for the year to 31 December 2020 included £1,404,730 (2019 - £1,324,663) of dividends received from subsidiary companies.

The financial statements on pages 61 to 106 of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 6 May 2021 and signed on behalf by:

Matthew Clayton
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Balance at 1 January 2019	10,956,551	1,905,905	23,827,094	36,794,133	36,794,133	1,449,755	38,243,888
Changes in equity							
Issue of share capital	354,803	–	1,263,095	–	1,617,898	–	1,617,898
Cost of share issue	–	–	(956)	–	(956)	–	(956)
Dividends	–	(10,341,399)	–	–	(10,341,399)	(102,703)	(10,444,102)
Share buy-back	(46,079)	(189,105)	–	46,079	(189,105)	–	(189,105)
Total comprehensive income	–	17,571,683	–	–	17,571,683	204,924	17,776,607
Balance at 31 December 2019	11,265,275	8,947,084	25,089,233	150,662	45,452,254	1,551,976	47,004,230
Changes in equity							
Issue of share capital	55,490	–	191,995	–	247,485	–	247,485
Dividends	–	(1,577,138)	–	–	(1,577,138)	(295,271)	(1,872,409)
Share buy-back	(740)	(2,970)	–	740	(2,970)	–	(2,970)
Total comprehensive income/(expense)	–	1,404,639	–	–	1,404,639	117,372	1,522,011
Balance at 31 December 2020	11,320,025	8,771,615	25,281,228	151,402	45,524,270	1,374,077	46,898,347

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL EQUITY £
Balance at 1 January 2019	10,956,551	4,925,434	23,827,094	104,583	39,813,662
Changes in equity					
Issue of share capital	354,803	–	1,263,095	–	1,617,898
Cost of share issue	–	–	(956)	–	(956)
Dividends	–	(10,341,399)	–	–	(10,341,399)
Share buy-back	(46,079)	(189,105)	–	46,079	(189,105)
Total comprehensive income/(expense)	–	18,076,117	–	–	18,076,117
Balance at 31 December 2019	11,265,275	12,471,047	25,089,233	150,662	48,976,217
Changes in equity					
Issue of share capital	55,490	–	191,995	–	247,485
Dividends	–	(1,577,138)	–	–	(1,577,138)
Share buy-back	(740)	(2,970)	–	740	(2,970)
Total comprehensive income/(expense)	–	498,270	–	–	498,270
Balance at 31 December 2020	11,320,025	11,389,209	25,281,228	151,402	48,141,864

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	33	8,347,137	8,764,403
Interest paid		(1,811,627)	(2,477,270)
Interest element of lease payments paid		(61,643)	(73,054)
Tax paid		(874,252)	(625,885)
Net cash inflow from operating activities		5,599,615	5,588,194
Cash flows from investing activities			
Purchase of intangible fixed assets		(136,328)	–
Purchase of tangible fixed assets		(717,158)	(115,543)
Purchase of fixed asset investments		(199,965)	–
Loan investments repaid		8,178,883	2,320,184
Loans advanced		(3,975,252)	(4,449,415)
Proceeds on sale of subsidiaries		–	23,362,310
Cash balances of subsidiaries sold		–	(2,923,009)
Interest received		904,030	1,224,120
Dividends received from associates		550,000	–
Net cash inflow from investing activities		4,604,210	19,418,647
Cash flows from financing activities			
New loans in year		4,750,000	–
Loan repayments in year		(3,396,129)	(15,482,523)
Proceeds from share issue		247,485	1,616,943
Share buyback		(2,970)	(189,105)
Equity dividends paid		(1,577,138)	(10,341,399)
Dividends paid to minority interests		(295,271)	(102,703)
Net cash from financing activities		(274,023)	(24,498,787)
Increase in cash and cash equivalents		9,929,802	508,054
Cash and cash equivalents at beginning of year	34	19,532,459	19,024,405
Cash and cash equivalents at end of year	34	29,462,261	19,532,459

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Thrive renewables Plc is a public company limited by shares, incorporated and domiciled in the United Kingdom and registered in England. The address of the registered office is given on page 4. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 13 to 46.

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

ADOPTION OF NEW AND REVISED STANDARDS

New standards, amendments and IFRS Interpretations Committee (IFRS IC) interpretations
The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. STATUTORY INFORMATION

Thrive Renewables Plc is a public company, limited by shares, registered in England & Wales. The Company's registered number and registered office address can be found on the General Information page.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The group consolidated financial statements have been prepared on a going concern basis in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

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

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

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Going concern

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

Business combinations

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

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

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

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

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

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

When the consideration transferred by the Group in a business combination include an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

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

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

Goodwill

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

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

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

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

Associates and joint ventures

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

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

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

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

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group financial statements for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts received or receivable in relation to the company's principal activities in the United Kingdom.

Revenue from the supply of electricity and associated benefits represents the value of electricity generated under contracts to the extent that there is a right to consideration and is measured and recorded at the fair value of the consideration due.

Revenue is recognised when performance obligations have been satisfied and for the group this is when electricity has been generated and transferred to the customer along with the associated benefits and the customer subsequently has control of these.

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 company for the financial year has been derived from its principal activity wholly undertaken in the UK.

Borrowing costs

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

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

Operating profit

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

Retirement benefit costs

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

Pension costs

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

Taxation

Current tax, including corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits against which deductible temporary differences can be utilised.

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

Foreign exchange

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

Tangible fixed assets

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

Right of use asset	over lease term
Leasehold property	over 25 years
Plant and machinery	over 20 years
Fixtures and fittings	over 5 years
IT equipment	over 4 years

Assets under construction are not depreciated.

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

Current asset investments

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

Investments

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

Intangible fixed assets acquired separately

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

Power purchase agreements	5% per annum

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

Intangible assets acquired in a business combination

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

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

Development rights	5% per annum

Internally generated intangible assets - development expenditure

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

Development costs	5% per annum

Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

Financial instruments

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

Financial assets

Financial assets are classified into financial assets 'at fair value through profit and loss' ('FVTPL'), or as 'amortised cost'. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'amortised cost'.

Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECLs) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk,and takes into account any collateral the Company holds that would mitigate such losses.

Details of how the company has considered the impairment requirements of IFRS 9 and details of its approach to providing for ECLs can be found in note 19.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and borrowings. Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs and are then subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

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

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

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

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

Leases

The Group assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate the individual lease would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include fixed payments and variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 4%.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and finance costs. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review or change in an index or rate such as inflation.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received and initial direct costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed to the Consolidated Profit and Loss Account, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

4. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 above, the directors are required to continually evaluate judgements, estimates and assumptions based on historical experience and other factors that are considered to be relevant.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

Estimation of tangible fixed asset useful lives

The useful life used to depreciate tangible fixed assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefits will be derived from the asset. There is no evidence of any changes to the asset useful lives.

Decommissioning costs

In determining the expected future costs of site decommissioning the Company estimates the expected costs less the expected value of the asset being decommissioned. It is the intention that this would be settled as one cash flow transaction under one contract. Current market conditions indicate that this would lead to a positive inflow, or at least no cost, and therefore no provision for decommissioning has been made.

Impairment of goodwill, intangible assets and tangible fixed assets

Determining whether goodwill, intangible and tangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit over its estimated operational life and a pre-tax discount rate of 7.1% (2019 - 7.1%) is used in order to calculate present value. Forecast wind volumes are based on wind studies carried out at the commencement of each project, adjusted for experience as necessary. Electricity prices are determined with reference to externally sourced forward price curves, on contracted rates as appropriate. Forecasts cover the expected life of each project. The carrying amount of goodwill intangible and tangible assets at the balance sheet date was £2.9 million (2019 - £2.9m), £8.8 million (2019 - £9.7m) and £37.0 million (2019 - £40.0m) respectively; there is no evidence of impairment.

Fair value measurements and valuation processes

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

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

5. REVENUE

Segmental analysis

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

6. OTHER OPERATING INCOME

	2020 £	2019 £
Sundry receipts	439,170	70,006
Other operating income is as follows:		
Boardinghouse Windfarm Limited	22,843	-
Thrive Renewables (Severn) Limited	370,339	-
Thrive Renewables (March) Limited	–	5,870
Thrive Renewables Plc	45,988	63,890
Other	–	246
	439,170	70,006

Other operating income relates to lost availability warranties held with the turbine manufacturers.

7. SHARE OF ASSOCIATED COMPANY OPERATING PROFIT

SHARE OF ASSOCIATES NET PROFIT/(LOSS):	2020 £	2019 £
Fenpower Limited	265,358	95,791
Fenpower Limited – impairment in investment	(98,391)	–
Greenbreeze Energy (Holdings) Limited	–	–
Riding Sunbeams Apollo Limited	(13,172)	–
Aura Power Energy Systems Limited	–	(1)
	153,795	95,790

All results from the Group's associates arose from continuing operations. Further details of investments in associates and joint ventures are provided in note 16.

8. EMPLOYEES AND DIRECTORS

GROUP AND COMPANY	2020 £	2019 £
The remuneration of Directors was as follows:		
Directors' emoluments	319,246	309,365

No pension contributions were paid on behalf of the non-executive Directors in either year. Pension contributions for executive directors were £23,331 (2019 £21,025).

The highest paid director remuneration was £121,202 (2019 £115,760) and pension contributions were £11,988 (2019 £11,256). In the year £24,843 of directors' remuneration was paid to third party companies of which those directors were employed (2019 £24,276).

EMPLOYEE COSTS (INCLUDING DIRECTORS) WERE AS FOLLOWS:	2020 £	2019 £
Wages and salaries	640,552	547,552
Social security costs	62,991	54,554
Other pension costs	53,853	43,756
	757,396	645,862

During 2020 the monthly average number of employees, including executive Directors, employed by the group and company was 11 (2019:10).

THE ACTIVITIES OF THE EMPLOYEES ARE:	2020	2019
Executive directors	3	2
Operations	1	1
Finance	2	2
Investments	2	2
Marketing and communications	2	2
Investor relations and governance	1	1
Total	11	10

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

9. NET FINANCE COSTS

	2020 £	2019 £
Finance income:		
Interest receivable	904,030	1,224,120
Finance costs:		
Bank loans	965,483	1,453,674
Other loans	843,599	1,023,595
Other interest payable	2,545	–
Leases	61,643	73,054
	1,873,270	2,550,323

10. PROFIT BEFORE INCOME TAX

THE PROFIT BEFORE INCOME TAX IS STATED AFTER CHARGING:	2020 £	2019 £
Variable lease payments	190,442	113,060
Depreciation - owned assets	3,646,974	3,296,364
Depreciation – right of use assets	147,365	144,260
Depreciation – assets held for sale	–	116,696
Development costs amortisation	1,077,556	1,077,558
Amortisation – assets held for sale	–	25,482
Purchase Power Agreement amortisation	13,999	13,999
Impairment in cost of investment in associate	98,391	–
Audit- parent company accounts	35,640	33,000
Audit- parent company accounts completion of prior year	10,000	14,250
Audit- subsidiary accounts	63,240	59,000
Audit- tax and other services	48,750	40,783
Audit related assurance services	–	800
Tax advisory services	9,600	5,600
Foreign exchange differences	(149,925)	20,794
Earn out payments to project developers	–	232,227

11. INCOME TAX

ANALYSIS OF TAX EXPENSE	2020 £	2019 £
Current tax:		
Current tax on income for the year at 19% (2019:19%)	812,034	690,347
Adjustment in respect of previous years	(28,742)	(11,700)
Total current tax	783,292	678,647
Deferred taxation:		
Origination and reversal of timing differences	(219,209)	(21,476)
Adjustments in respect of previous years	14,466	27,622
Effect of changes in tax rates	517,793	(17,479)
Total deferred tax	313,050	11,333
Total tax expense in consolidated profit and loss account	1,096,342	667,314

Factors affecting the tax expense

The tax assessed for the year is higher (2019 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before income tax	2,618,353	18,443,921
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	497,487	3,504,345
Effects of:		
Expenses not deductible for tax purposes	98,383	93,368
Effects of change in tax rates	517,793	(17,479)
Adjustments in respect of previous years	(14,276)	15,922
Adjustment in respect of sale of subsidiaries	–	(2,931,554)
Amounts not recognised	(3,045)	2,712
Tax expense	**1,096,342**	**667,314**

12. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £498,270 (2019 - £18,076,117). The profit for the year to 31 December 2020 included £1,404,730 (2019 - £1,324,663) of dividends received from subsidiary companies.

13. DIVIDENDS

	2020 £	2019 £
Amounts recognised as distributions to equity holders in the period:		
Interim dividends for the year ended 31 December 2020 of £nil (2019:40p) per share	–	8,765,241
Final dividend for the year ended 31 December 2020 of 7p (2019: 7p) per share	1,577,138	1,576,158
Total dividends paid	1,577,138	10,341,399

14. GOODWILL

COST	£
Opening balance at 1 January 2019	3,534,747
Disposals	(587,000)
Balance at 31 December 2019	2,947,747
Balance at 31 December 2020	2,947,747
Accumulated impairment losses	
At 31 December 2020 and 31 December 2019 and 1 January 2019	–
Net book value	
At 31 December 2020	2,947,747
At 31 December 2019	2,947,747

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

15. INTANGIBLE ASSETS

GROUP	DEVELOPMENT COSTS £	PURCHASE POWER AGREEMENT £	TOTALS £
COST			
At 1 January 2019	21,551,134	279,975	21,831,109
Disposals	–	–	–
At 31 December 2019	21,551,134	279,975	21,831,109
Acquisition of business	136,328	-	136,328
At 31 December 2020	21,687,462	279,975	21,967,437
AMORTISATION			
At 1 January 2019	10,790,177	202,849	10,993,026
Amortisation for year	1,077,558	13,999	1,091,557
At 31 December 2019	11,867,735	216,848	12,084,583
Amortisation for year	1,077,556	13,999	1,091,555
At 31 December 2020	12,945,291	230,847	13,176,138
NET BOOK VALUE			
At 31 December 2020	8,742,171	49,128	8,791,299
At 31 December 2019	9,683,399	63,127	9,746,526

Amortisation is charged to the profit and loss account within cost of sales.

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	RIGHT OF USE ASSET £	LAND AND BUILDINGS £	PLANT AND MACHINERY £	ASSETS UNDER CONSTRUCTION £	TOTALS £
COST					
At 1 January 2019	–	325,000	65,877,928	–	66,202,928
Implementation of IFRS 16	1,803,166	–	–	–	1,803,166
Additions	–	–	115,543	–	115,543
At 31 December 2019	1,803,166	325,000	65,993,471	–	68,121,637
Additions	35,636	–	–	717,158	752,794
At 31 December 2020	1,838,802	325,000	65,993,471	717,158	68,874,431
DEPRECIATION					
At 1 January 2019	–	288,667	24,397,398	–	24,686,065
Charge for the year	144,260	15,500	3,280,864	–	3,440,624
At 1 January 2020	144,260	304,167	27,678,262	–	28,126,689
Charge for year	147,365	12,500	3,634,474	–	3,794,339
At 31 December 2020	291,625	316,667	31,312,736	–	31,921,028
NET BOOK VALUE					
At 31 December 2020	1,547,177	8,333	34,680,735	717,158	36,953,403
At 31 December 2019	1,658,906	20,833	38,315,209	–	39,994,948

All right of use assets relate to property leases.

Plant and machinery includes fixtures and fittings at cost of £18,101 (2019 £18,101) with accumulated depreciation of £17,527 (2019 £16,953).

COMPANY	RIGHT OF USE ASSET £	PLANT AND MACHINERY £	FIXTURES AND FITTINGS £	TOTALS £
COST				
At 1 January 2019	–	11,933	18,101	30,034
Implementation of IFRS16	29,492	–	–	29,492
At 31 December 2019	29,492	11,933	18,101	59,526
Additions	–	–	–	–
At 31 December 2020	29,492	11,933	18,101	59,526
DEPRECIATION				
At 1 January 2019	–	6,397	12,428	18,825
Charge for the year	11,046	2,387	4,525	17,958
At 1 January 2020	11,046	8,784	16,953	36,783
Charge for year	11,047	2,387	574	14,008
At 31 December 2020	22,093	11,171	17,527	50,791
NET BOOK VALUE				
At 31 December 2020	7,399	762	574	8,735
At 31 December 2019	18,446	3,149	1,148	22,743

All right of use assets relate to property leases.

17. INVESTMENTS

GROUP	INVESTMENT IN JOINT VENTURES £	INVESTMENT IN ASSOCIATE £	TOTALS £
CARRYING VALUE			
At 1 January 2019	1	2,554,887	2,554,888
Additions	–	–	–
Share of (loss)/profit	(1)	95,791	95,790
At 1 January 2020	–	2,650,678	2,650,678
Share of (loss)/profit	–	252,187	252,187
Impairment in investment	–	(98,391)	(98,391)
Dividends received	–	(550,000)	(550,000)
Additions	–	199,940	199,940
At 31 December 2020	–	2,454,414	2,454,414
NET BOOK VALUE			
At 31 December 2020	–	2,454,414	2,454,414
At 31 December 2019	–	2,650,678	2,650,678

In 2020 the company made a new investment in Riding Sunbeams Apollo Limited.

Results for the year ended 31 December 2020 - TR Fenpower Limited, Green Breeze Energy (Holdings) Limited, Aura Power Energy Solutions Limited and Riding Sunbeams Apollo Limited.

TR FENPOWER LIMITED – OWNED 50% BY THRIVE RENEWABLES PLC	2020 £	2019 £
Current assets	327,706	749,615
Non-current assets	3,738,765	3,738,765
Current liabilities	(39,587)	(35,387)
Non-current liabilities	–	–
Deferred tax	3,190	–
Net assets	4,030,074	4,452,993
Revenue	–	–
Profit or loss from continuing operations	677,081	716,643

There are no other items of comprehensive income.

FENPOWER LIMITED – OWNED 49.8% BY TR FENPOWER LIMITED	2020 £	2019 £
Current assets	1,279,496	1,623,933
Non-current assets	4,872,051	5,038,104
Current liabilities	(373,761)	(537,248)
Non-current liabilities	(971,118)	(1,007,823)
Deferred tax	(723,778)	(735,423)
Net assets	4,082,890	4,381,543
Revenue	2,460,224	2,471,900
Profit from continuing operations	1,099,397	383,932

There are no other items of comprehensive income.

GREEN BREEZE ENERGY (HOLDINGS) LIMITED - OWNED 50% BY THRIVE RENEWABLES PLC	2020 £	2019 £
Current assets	2,968,727	2,631,057
Non-current assets	11,679,531	12,023,929
Current liabilities	(1,697,657)	(581,863)
Non-current liabilities	(14,012,103)	(14,846,518)
Deferred tax	(253,789)	(234,861)
Net (liabilities)/assets	(1,315,291)	(1,008,256)
Revenue	1,895,177	1,700,898
Profit or loss from continuing operations	(307,042)	(435,058)

There are no other items of comprehensive income.

AURA POWER SOLUTIONS LIMITED - OWNED 50% BY THRIVE RENEWABLES PLC	2020 £	2019 £
Current assets	13,895	19,979
Non-current assets	159,348	134,426
Current liabilities	(8,770)	(10,384)
Non-current liabilities	(179,598)	(154,676)
Deferred tax	–	–
Net (Liabilities)/Assets	(15,125)	(10,655)
Revenue	–	–
(Loss)/profit from continuing operations	(4,473)	(5,614)

There are no other items of comprehensive income.

RIDING SUNBEAMS APOLLO LIMITED - OWNED 10% BY THRIVE RENEWABLES PLC*	2020 £
Current assets	157,580
Non-current assets	44,221
Current liabilities	(32,692)
Non-current liabilities	–
Deferred tax	–
Net (Liabilities)/Assets	169,109
Revenue	–
(Loss)/profit from continuing operations	(131,790)

There are no other items of comprehensive income.

* Thrive accounts for its 10% shareholding in Riding Sunbeams Apollo Limited as an associate due to it having significant influence through representation on the board of directors, participating in the policy-making process and having reserved rights over company decisions and preference over dividend payments.

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

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

COMPANY Investment in subsidiary undertakings and other investments at cost:	£
Carrying Value	
At 1 January 2019 and 2020	17,344,257
Additions	336,294
At 31 December 2020	17,680,551
Net Book Value	
At 31 December 2020	17,680,551
At 31 December 2019	17,344,257

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 35 to the Company's financial statements.

18. LOANS AND OTHER FINANCIAL ASSETS

GROUP	2020 £	2019 £
Loans to third party wind farm developers	–	–
Loans to joint venture company (to fund capital expenditure)	3,313,871	3,140,251
Loan to joint venture company (to fund acquisition)	32,493	32,493
Loan to joint venture company (to fund development)	179,598	154,677
Mezzanine loans provided to third parties	2,331,047	6,962,060
Bonds held as investments	160,500	–
	6,017,509	13,221,138

COMPANY	2020 £	2019 £
Loans to third party wind farm developers	–	2,931,657
Loans to joint venture company (to fund capital expenditure)	3,313,871	3,140,251
Loan to joint venture company (to fund acquisition)	32,493	32,493
Loans to joint venture company (to fund development)	179,598	154,677
Mezzanine loans provided to third parties	1,981,046	6,612,060
	5,507,008	12,871,138

In November 2015, the Company agreed a £2.7m mezzanine finance facility with Renewable Energy Ventures (Gevens) Limited (REVG). REVG has successfully secured all the required rights and permits to build a 6.9MW wind farm in Fife, Scotland. Thrive Renewables has provided the capital to plug the funding gap. The project reached financial close in December of 2015, was constructed over summer 2016 and the operational phase commenced on 30 September 2016. During 2020 interest was accrued of £361,604 and the total loan of £3,293,262 was fully repaid so the year end loan balance is £nil (2019:£2,931,657 including capitalised interest).

In July 2016, the Company entered into a joint venture with Green Power (Drumduff) Ltd to purchase Green Breeze Energy Limited (GBEL). GBEL has successfully secured all the required rights and permits to build a 6MW wind farm in Scotland. Thrive Renewables has purchased a 50% holding in the Company but has also provided capital in the form of loans to fund capital expenditure. The project reached financial close in January 2017 and became operational in July 2017. At the year-end there is a loan balance including accrued interest of £3,346,364 (2019:£3,172,744). During the year £173,620 of interest was accrued and there were no repayments made.

In 2018, Thrive Renewables Plc entered into a joint venture agreement with Aura Power Storage Solutions Limited. A loan of £179,598 (2019:£154,677) has been provided to the joint venture company Aura Power Energy Solutions Limited to fund business development work including capitalised interest. During the year £24,922 of interest was accrued and there were no repayments made.

Thrive Renewables Group makes mezzanine loans to companies to fund the acquisition of renewables energy projects. During the year £254,608 was accrued and £4,885,621 was repaid. At the year end the balance of these loans is £2,331,047 (2019:£6,962,060) including interest accrued.

During 2020, a 100% subsidiary of Thrive Renewables Plc, Brunel Wind Limited offered all bondholders in Thrive Renewables Buchan Limited and Thrive Renewables Plc the ability to sell their bonds at a value equivalent to principal plus accrued interest. Therefore, Brunel Wind Limited now owns £155,000 of bonds in Thrive Renewables Plc and £5,500 bonds in Thrive Renewables Buchan Limited.

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 32 to the Company financial statements.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	–	–
Financial liabilities carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	(143,029)	(582,145)

Further details of derivative financial contracts are provided in note 26.

Assessment on Expected Credit Loss on financial assets:

The Company's financial assets are held in a business model whose purpose is to collect contractual cash flows and consist solely of principle and interest. Financial assets are initially measured at fair value and are subsequently measured at amortised cost.

The Company's financial assets listed above, are subject to consideration in respect of ECLs.

The Company keeps this position under regular review, using available reasonable and supportive forward looking information including:

- monitoring the continued timely collection of receivables,
- changes in counterparty credit ratings,
- any actual or expected changes in the industry or economic conditions that could cause a significant change to the borrower's ability to meet its obligations,
- actual or expected significant changes in the operating results of the borrower,
- updated financial forecasting models of the borrower,
- significant changes in the value or nature of collateral supporting the obligation, or the quality of any third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery. The Company establishes a provision for doubtful debts if they are more than 120 days past due. The Company continues to engage in enforcement activity until it is determined that the debt is uncollectible, at which point the outstanding amount is written off in full.

Given the nature of the financial assets in place the ECL applied to each is deemed to be minimal and therefore the identified impairment loss immaterial.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at amortised cost because there is an option to convert to equity investment.

Financial assets measure at FVPL include the following:

	2020	2019
Financial assets at fair value through profit or loss	3,000,000	–

During 2020, the company provided a loan of £3,000,000 to United Down Geothermal Limited to fund the development of a deep geothermal energy project in Cornwall. The loan has the option to be converted to equity at financial close and only attracts interest if that option is not exercised.

At the end of the accounting period the company have assessed the fair value of the financial asset as the weighted average, based on probability, of the value of the equity option and the value of the loan plus accrued interest. This calculation resulted in no change to the fair value of the investment and therefore no movement is recorded in the profit and loss account.

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2020 £	2019 £	2020 £	2019 £
Current:				
Trade debtors	923,560	594,726	343,521	51,083
Amounts recoverable on contract	2,424	2,424	–	–
Group relief debtor	–	–	899,484	733,911
Amounts owed from group	–	–	21,999,353	23,780,015
Amounts owed from associate	35,387	30,787	35,387	30,787
Taxation and social security	–	55,795	–	–
Called up share capital not paid	34	36	–	–
Prepayments and accrued income	3,250,795	4,318,832	285,331	256,045
	4,212,200	5,002,600	23,563,076	24,851,841

Trade Debtors
Trade debtors disclosed above are classified as amortised cost.

The average credit period taken on sales of goods is 30 days. No interest is charged on the debtors for the first 30 days from the date of the invoice. Thereafter, interest is charged at 8% on the outstanding balance.

At the year end £785,731 (2019 - £785,731) has been provided against debtors for an availability claim invoiced in 2019 to our then Operations and Maintenance contractor Senvion GmbH. In July 2019 Senvion GmbH was declared insolvent by a German Court and therefore provision has been made against amounts outstanding that are not covered by a contractual right of set off. We continue to pursue payment through the German administration process but full provision against this debt has been made based on the uncertainty over recovery.

The group has not recognized any other allowance for doubtful debts as no other debts are past 120 days due and historical experience has been that debtors that are past due beyond 120 days are not recoverable. Allowances against doubtful debts are recognised against trade receivables between 30 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The group have no trade debtors which are past due date at the reporting date and therefore the Group has not made any allowance for doubtful debtors, other than disclosed above. There has not been a significant change in credit quality and all amounts are still considered recoverable. The average age of these debtors is 20 days (2019: 20 days).

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

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

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Bank accounts	29,462,261	19,532,459	18,837,978	10,699,930

23. NON-CONTROLLING INTERESTS

	2020 £	2019 £
At 1 January	1,551,976	1,449,755
Minority share of profit/(loss) on ordinary activities after taxation	117,372	204,924
Minority share of dividends paid	(295,271)	(102,703)
At 31 December	1,374,077	1,551,976

24. CALLED UP SHARE CAPITAL

	2020 NO.	2020 £	2019 NO.	2019 £
Allotted, issued and fully paid				
Ordinary shares of £0.50 each	22,640,049	11,320,025	22,530,549	11,265,275

During the year 110,980 ordinary shares of £0.50 each were allotted, issued and fully paid up at a premium of £1.73 per share. This allotment is part of a SCRIP scheme whereby shareholders can receive new shares instead of cash dividends.

During the year the Company bought back 1,480 shares from eligible shareholders at a premium of £1.51.

25. RESERVES

GROUP	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTALS £
At 1 January 2020	8,947,084	25,089,233	150,662	34,186,979
Profit for the year	1,404,639	–	–	1,404,639
Dividends	(1,577,138)	–	–	(1,577,138)
Share issue	–	191,995	–	191,995
Purchase of own shares	(2,970)	–	740	(2,230)
At 31 December 2020	8,771,615	25,281,228	151,402	34,204,245

COMPANY	RETAINED EARNINGS	SHARE PREMIUM	CAPITAL REDEMPTION RESERVE	TOTALS
	£	£	£	£
At 1 January 2020	12,471,047	25,089,233	150,662	37,710,942
Profit for the year	498,270	–	–	498,270
Dividends	(1,577,138)	–	–	(1,577,138)
Share issue	–	191,995	–	191,995
Cost of share issue	(2,970)	–	740	(2,230)
At 31 December 2020	11,389,209	25,281,228	151,402	36,821,839

Comparatives can be seen in the Statement of Changes in Equity starting on page 67.

The capital redemption reserve represents the nominal value of bought back shares.

26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2019	2019	2019
	£	£	£	£
Current:				
Trade creditors	831,011	1,045,363	133,368	93,403
Consortium relief creditor	336,559	292,869	–	–
Amounts owed to group undertakings	–	–	8,734,044	5,094,063
Social security and other taxes	148,897	317,811	22,665	–
Other creditors	7,256	–	7,256	–
Dividends payable	6,976	6,976	6,976	6,976
Accruals and deferred income	1,983,732	2,445,703	881,441	1,004,534
	3,314,431	4,108,722	9,785,750	6,198,976

Pension contributions owing at the year-end amounted to £7,255 (2019: £3,821).

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

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

27. FINANCIAL LIABILITIES - BORROWINGS

GROUP	2020 £	2019 £
Bank loans and overdrafts		
Amounts payable		
- due within one year	3,043,238	3,240,906
- due within one to two years	2,904,777	906,106
- due within two to five years	7,381,505	10,881,709
- due after five years	7,705,058	4,076,633
	21,034,578	19,105,354
Other loans		
Amounts payable		
- due within one year	3,000,000	–
- due within one to two years	–	3,000,000
- due within two to five years	12,840,518	12,840,518
- due after five years	–	–
Amortisation of issue costs	(141,832)	(202,200)
	15,698,686	15,638,318
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	6,043,238	3,240,906
- due within one to two years	2,904,777	3,906,106
- due within two to five years	20,222,023	23,722,227
- due after five years	7,705,058	4,076,633
Amortisation of issue costs	(141,832)	(202,200)
	36,733,264	34,743,672

COMPANY	2020	2019
	£	£
Bank loans and overdrafts		
Amounts payable		
- due within one year	–	–
	–	–
Other loans		
Amounts payable		
- due within one year	–	–
- due within one to two years	–	–
- due within two to five years	10,840,518	878,327
- due after five years	–	9,962,191
Amortisation of issue costs	(134,659)	(180,677)
	10,705,859	10,659,841
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	–	–
- due within one to two years	–	–
- due within two to five years	10,840,518	878,327
- due after five years	–	9,962,191
Amortisation of issue costs	(134,659)	(180,677)
	10,705,859	10,659,841

As at 31 December 2020 there are bank fees of £174,004 (2019: £126,786) offset against Group bank loans.

At 31 December 2020, Group bank loans total £21,034,578 (2019: £19,105,354).

Amounts totalling £11,644.321 (2019:£9,381,025) held with Triodos bank bear interest at a weighted average fixed rate of 3.96% (2019 - 4.28%). Of this amount, £3,273,352 (2019:£4,092,583) is repayable after five years. This amount bears interest at a weighted average fixed rate of 4.23% (2019:4.36%).

Amounts totalling £9,390,257 (2019:£9,851,115) held with Santander Bank bear interest at a weighted average fixed rate of 2.55% (2019 - 6.17%), of this amount £4,445,466 (2019:NIL) is due after 5 years. The fixed rate of interest is achieved by the purchase of financial instruments (interest rate swaps) which are now shown as a liability on the balance sheet of the Group. The liabilities recognised at the year-end on interest rate swaps amount to £143,029 (2019:£582,145). The recognition of this liability is in effect the advance charge of interest over the life of the swaps (seven-year terms) and would therefore reduce the interest charged in each year on these loans to 2% (the bank interest rate) (2019:2.85-3.25%).

During the year the previous swap liability of £582,145 was settled early at a value of £452,500 resulting in a gain to profit and loss of £129,645. A new swap was entered into with a year end liability of £143,029 with the loss being recognised in profit and loss. The net impact is a loss of £13,384 in the Consolidated Statement of Profit or Loss.

Bank loans are secured by first fixed and floating charges on the fixed assets of the subsidiary companies. The maximum term of any loan currently outstanding expires in 2030.

Other loans represent mezzanine loan finance of £2,878,327 (2019 - £2,878,327) which bears interest at a fixed rate of 4% (2019:4% fixed). In addition, the Group raised 2 bonds during 2016 of £3m from Thrive Renewables (Buchan) Limited for 5 years at 5.5% interest and £7,722,191 in Thrive Renewables Plc for 7 years at 5% interest. A further amount of £2,240,000 at 5% interest was raised by the second close in March 2017.

The Group's gearing ratio (calculated as debt/debt plus net assets) is 44% (2019: 43%).

28. LEASING AGREEMENTS

The Group leases land on which the wind turbines they operate are located. Lease contracts are typically made for fixed periods of 20 years of operation or the period of which planning permission is granted on the site. The Company leases office space.

Minimum lease payments fall due as follows:

	FINANCE LEASES	
GROUP	2020	2019
	£	£
Net obligations repayable:		
Within one year	122,470	119,063
Between one and five years	485,739	377,043
In more than five years	994,536	1,192,580
	1,602,745	1,688,686

	FINANCE LEASES	
COMPANY	2020	2019
	£	£
Net obligations repayable:		
Within one year	7,627	11,147
Between one and five years	–	7,627
	7,627	18,774

	FINANCE LEASES	
GROUP	2020	2019
	£	£
Lease payments due:		
Within one year	183,218	183,218
Between one and five years	688,937	688,937
In more than five years	1,311,782	1,495,000
	2,183,937	2,367,155

		FINANCE LEASES
COMPANY	2020	2019
	£	£
Lease payments due:		
Within one year	7,627	11,440
Between one and five years	–	7,627
	7,627	19,067

Some property leases contain variable payment terms that are linked to revenue generated from the project. Variable payment terms are used for a variety of reasons, including minimising the fixed cost base of the Company. Variable lease payments that depend on revenue are recognised in profit and loss in the period in which the condition that triggers those payments occurs.

	2020	2019
	£	£
Expenses relating to variable leases payments not included in lease liabilities (included in administrative expenses)	190,442	113,060

Variable lease payments represent 1.9%-5% of turnover on various sites. For context, a 10% increase in turnover across all operational sites would increase variable lease payments by 2.5% of turnover.

The total cash outflow for leases in 2020 was £373,660 (2019 - £310,270).

29. FINANCIAL INSTRUMENTS

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2019.

The capital structure of the group consists of net debt (borrowings disclosed in note 25 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in notes 21 to 23). The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 120% to 140% determined as the proportion of net debt to fixed equity. The gearing ratio at 31 December 2020 of 16% (2019 32%) was lower than the target range due to large cash balance held at year end from the sale of 2 projects in 2019 which has not yet been reinvested.

Net debt to equity ratio

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

	2020 £	2019 £
Debt	36,733,264	34,743,672
Cash and cash equivalents	(29,462,261)	(19,532,459)
Net debt	7,271,003	15,211,213
Equity	46,898,347	47,004,230
Net debt to equity ratio	16%	32%

Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 25. Equity includes all capital and reserves of the group that are managed as capital.

Significant accounting policies

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

CATEGORIES OF FINANCIAL INSTRUMENTS	2020 £	2019 £
Financial assets:		
Cash and bank balances	29,462,261	19,532,459
Fair value through profit and loss (FVTPL) – Inflation swap	–	–
Amortised cost:		
Receivables	925,983	625,513
Accrued income	2,064,126	3,038,785
Loans and financial assets at fair value through profit and loss (FVTPL)	9,017,508	13,221,138
Financial liabilities:		
Fair value through profit and loss (FVTPL) – Interest rate swap	(143,029)	(582,145)
Amortised cost:		
Payables	(1,323,443)	(1,052,339)
Accruals	(1,990,988)	(2,445,701)
Borrowings	(36,733,264)	(34,743,672)

Financial risk management objectives

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

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

Market risk

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

- forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of assets stated in foreign currencies and;
- interest rate swaps to mitigate the risk of rising interest rates.

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

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

30. DEFERRED TAX

GROUP	2020 £	2019 £
Balance at 1 January	4,383,930	4,786,185
Credit to profit & loss account	313,050	(11,333)
Impact of sale of subsidiaries	–	(390,922)
Adjustments in respect of previous years	2,875	–
Balance at 31 December	4,699,855	4,383,930

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

GROUP	2020 £	2019 £
Accelerated capital allowances	3,318,745	3,091,643
Tax losses carried forward	(128,579)	(170,704)
Deferred tax on derivatives	(89,937)	(156,238)
Short-term timing differences	(35,485)	(26,945)
Deferred tax on development costs	1,635,111	1,646,174
	4,699,855	4,383,930

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

	2020 £	2019 £
Deferred tax assets	157,017	39,044
Deferred tax liabilities	(4,856,872)	(4,422,974)
	(4,699,855)	(4,383,930)

The company has a deferred tax asset of £43,752 (2019:£34,197).

In the budget in March 2021 the government announced an increase to corporation tax rates from 19% to 25% which comes into effect in April 2023. As stated in our accounting policy, deferred tax is calculated at rates that have been enacted at the balance sheet date. Therefore, the above liabilities have been calculated using the 19% corporation tax rate. The difference in deferred tax liabilities if calculated at 25% from April 2023 is £1.388,575.

The deferred tax liability is expected to decrease in the next 12 months by £199,831 (2019 - £315,915 increase). This primary relates to unwinding of accelerated capital allowances (2019 – impact of increasing tax rates).

31. CONTINGENT LIABILITIES

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

32. RELATED PARTY DISCLOSURES

During 2016 the Group raised new investment by way of bonds. The following is the Director's interest in those bonds as at 31 December 2019 and 2020.

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

The Company operates a community benefit scheme which is managed by the centre for Sustainable Energy (CSE). The Chief Executive of CSE is Simon Roberts a Director of the Company. During the year management fees of £2,524 were paid to CSE (2019 - £4,850) and no amounts were outstanding at the year end.

33. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before income tax	2,618,353	18,443,921
Depreciation charges	4,885,893	4,674,360
Gain on sale of subsidiaries	–	(15,429,233)
Finance costs	1,873,270	2,550,324
Interest on leases	61,643	73,054
Finance income	(904,030)	(1,224,120)
Fair value adjustment to derivatives	13,384	(122,725)
	8,548,513	8,965,581
Share of profit of associates	(153,796)	(95,790)
Increase in trade and other receivables	797,511	(596,060)
Increase in trade and other payables	(845,091)	490,672
Cash generated from operations	8,347,137	8,764,403

34. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

YEAR ENDED 31 DECEMBER 2020	31 DECEMBER 2020 £	1 JANUARY 2020 £
Cash and cash equivalents	29,462,261	19,532,459

YEAR ENDED 31 DECEMBER 2019	31 DECEMBER 2019 £	1 JANUARY 2019 £
Cash and cash equivalents	19,532,459	16,321,999

35. SUBSIDIARY UNDERTAKINGS

Details of the subsidiaries and other investments are as follows:

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Caton Moor) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Ness Point) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Sigurd) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Severn) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Beochlich) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Haverigg II) Limited	Ordinary	100%	England	Energy supply
Brunel Wind Limited	Ordinary	100%	England	Holding company
Thrive Renewables (HGL) Limited	Ordinary	100%	England	Dormant
Thrive Renewables (HL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (HEL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (Buchan) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Dunfermline) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Eye) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Bristol) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Cambridge) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (March) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Auchtygills) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Clayfords) Limited*	Ordinary	100%	England	Energy supply

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Boardinghouse) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Girvan) Limited	Ordinary	100%	England	Energy company
Boardinghouse Windfarm Limited*	Ordinary	75%	England	Energy supply
Thrive Renewables (Wicken) Limited	Ordinary	100%	England	Battery Storage co.
Joint Ventures, Associates and other investments:				
TR (Fenpower) Limited	Ordinary	50%	England	Holding company
Fenpower Limited*	Ordinary	25%	England	Energy supply
Green Breeze Energy (Holdings) Limited	Ordinary	50%	Scotland	Holding company
Green Breeze Energy Limited*	Ordinary	50%	Scotland	Energy company
Thrive Renewables (BESS Holdings) Limited - formerly Aura Power Energy Solutions Limited	Ordinary	50%	England	Energy company
Riding Sunbeams Apollo Limited	Ordinary	10%	England	Energy company

* ownership held indirectly

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

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

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

Riding Sunbeams Apollo Limited - 20 Brewsters Corner, Pendicke Street, Southam, Warwickshire, United Kingdom, CV47 1PE

Fenpower Limited has 43 A shares, 127 B shares and 85 C shares all with £1 nominal value and all having equal voting and dividend rights. Thrive Renewables owns 100% of the B shares.

36. POST BALANCE SHEET EVENTS

Investment into Feeder Grid Storage Limited

In February 2021, Thrive acquired Feeder Grid Storage Limited giving the rights to build a 20MW battery storage project at Feeder Road in Bristol. As part of this transaction, Thrive also acquired 100% of Thrive Renewables (BESS Holdings) Limited – formerly Aura Power Energy Solutions Limited. Thrive is currently working through the procurement process for the project with the aim to be beginning a 12 month construction schedule in summer 2021.

Further investment into Riding Sunbeams Apollo Limited

In April 2021, Thrive committed a further £250,000 investment into RSA. Details of this investment can be found on page 28. Once this further investment has been fully drawn Thrive will have invested £450,000 in the company and will own 20% of the share capital. This investment will be used to fund the continued development of the company and solar projects.

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