

Directors' Report and
Financial Statements for the Year Ended 31 December 2017
for
Thrive Renewables (Severn) Limited



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for the Year Ended 31 December 2017**

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Thrive Renewables (Severn) Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

Matthew Clayton
Katrina Cross
Monika Paplaczky

REGISTERED OFFICE:

c/o Thrive Renewables plc
Deanery Road
Bristol
BS1 5AS

REGISTERED NUMBER:

08118236 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf Bristol
BS2 0FR

SOLICITORS:

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

Directors' Report
for the Year Ended 31 December 2017

The directors present their report with the audited financial statements of the company for the year ended 31 December 2017.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the operation of a four turbine wind farm on a brownfield site at Avonmouth, Bristol.

REVIEW OF BUSINESS

The profit for the financial year amounted to £419,171 (2016: £650,616 loss). The directors consider the future prospects of the company to be favourable with the continued operation of the four turbine wind farm on the brownfield site at Avonmouth, Bristol.

DIVIDENDS

The directors do not recommend the payment of a dividend (2016: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Matthew Clayton
Katrina Cross
Monika Paplaczky

FINANCIAL RISK MANAGEMENT

The main financial risks arising from the company's activities are liquidity risk, commodity price risk, credit risk and interest rate cash flow risk.

Liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient funds to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. It achieves this by the group monitoring cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its cash reserves at all times so as not to breach borrowing limits or covenants.

Commodity price risk

The company's operations result in exposure to fluctuations in energy prices. In order to manage this, management ensures that the company enters in to sale contracts where the price is fixed for an extended period. Management also ensures that once the fixed period has concluded, the contract includes a minimum renewal price (a 'floor price'). This ensures that the profits can be maintained at a minimum level to ensure the ongoing profitability of the company.

Credit risk

The company's exposure to credit risk arises from its debtors from customers. At the statement of financial position date the directors have concluded that no provision for doubtful debts is necessary and believe that there is no further credit risk.

Interest rate cash flow risk

The financial risk is the risk to the company's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. In order to manage this risk, management have entered into a floating rate to fixed rate interest swap.

Directors' Report
for the Year Ended 31 December 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, 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 company will continue in business.

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the 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.

ON BEHALF OF THE BOARD:



Matthew Clayton - Director

Date: 22 May 18

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Thrive Renewables (Severn) Limited's financial statements:

- . give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- . 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
- . have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Statement of Comprehensive Income and the Statement 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- . the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- . the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

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

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

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

Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of
Thrive Renewables (Severn) Limited

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

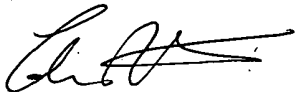
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. 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
2 Glass Wharf Bristol
BS2 0FR

Date: 22 May 2018

Statement of Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER		1,715,411	1,443,357
Cost of sales		(951,182)	(957,565)
GROSS PROFIT		764,229	485,792
Administrative expenses		(189,487)	(211,824)
OPERATING PROFIT		574,742	273,968
Interest receivable and similar income	4	169,519	-
		744,261	273,968
Interest payable and similar expenses	5	(539,765)	(804,121)
PROFIT/(LOSS) BEFORE TAXATION	6	204,496	(530,153)
Tax on profit/(loss)	8	214,675	(120,463)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		419,171	(650,616)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		419,171	(650,616)

The notes on pages 11 to 24 form part of these financial statements

Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	11,481,934	12,201,775
CURRENT ASSETS			
Debtors	11	957,636	1,097,821
Cash at bank		1,133,549	1,468,172
		2,091,185	2,565,993
CREDITORS			
Amounts falling due within one year	12	(737,116)	(701,342)
NET CURRENT ASSETS		1,354,069	1,864,651
TOTAL ASSETS LESS CURRENT LIABILITIES		12,836,003	14,066,426
CREDITORS			
Amounts falling due after more than one year	13	(12,814,274)	(14,274,272)
PROVISIONS FOR LIABILITIES	16	(525,832)	(715,428)
NET LIABILITIES		(504,103)	(923,274)
CAPITAL AND RESERVES			
Called up share capital	17	1	1
Retained earnings	18	(504,104)	(923,275)
SHAREHOLDERS' FUNDS		(504,103)	(923,274)

The financial statements on pages 11 to 24 were approved by the Board of Directors on 22nd May 2018 and were signed on its behalf by:


Katrina Cross - Director

The notes on pages 11 to 24 form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1	(272,659)	(272,658)
Changes in equity			
Total comprehensive income	-	(650,616)	(650,616)
Balance at 31 December 2016	1	(923,275)	(923,274)
Changes in equity			
Total comprehensive income	-	419,171	419,171
Balance at 31 December 2017	1	(504,104)	(504,103)

The notes on pages 11 to 24 form part of these financial statements

1. STATUTORY INFORMATION

Thrive Renewables (Severn) Limited is a private company, limited by shares. It is domiciled and incorporated in the UK and registered in England & Wales.

The company's registered number and office address can be found on the company information page.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit and loss.

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

The company has taken advantage of the following disclosure exemptions, where applicable, in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework".

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of :
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statements of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134 (f) and 145(c) to 135(e) of IAS 36 Impairments of Assets.

New standards, amendments and ifric interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017, have had a material impact on the company.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Turnover

Turnover, which is stated net of value added tax, represents amounts 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 recorded at the value of the consideration due. 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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - Straight line over 20 years

2. ACCOUNTING POLICIES - continued

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.

The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss.

Financial assets

On initial recognition, financial assets are classified into held-to-maturity investments, held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

Loans and receivables

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

Impairment of financial assets

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

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

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

Financial liabilities and equity

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

2. ACCOUNTING POLICIES - continued

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit and loss" or "other financial liabilities".

Financial liabilities at fair value through profit and loss

Financial assets and liabilities at fair value through profit or loss are held for trading. A financial asset or liability is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets and liabilities in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

Other financial liabilities

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Taxation

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 balance sheet 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 currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going concern

The financial statements adopt the going concern basis on the grounds that the directors believe the company has adequate resources to continue in operational existence for the foreseeable future.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Impairment of tangible fixed assets

Determining whether tangible fixed assets are impaired requires an estimation of the value in use of the related assets. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset and a pre-tax discount rate of 10% 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. There is no evidence of impairment.

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.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Gain on derivative financial instruments	169,519	-
	<u>169,519</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Bank interest	539,765	582,159
Loss on derivative financial instruments	-	221,962
	<u>539,765</u>	<u>804,121</u>

6. PROFIT/(LOSS) BEFORE TAXATION

The profit before taxation (2016 - loss before taxation) is stated after charging:

	2017 £	2016 £
Depreciation - owned assets	<u>719,841</u>	<u>726,539</u>

7. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>2,853</u>	<u>2,500</u>

Auditor remuneration is disclosed above. Fees payable to the company's auditor for non-audit services to the company are not required to be disclosed because these are disclosed in the consolidated financial statements of Thrive Renewables plc.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

8. TAXATION

Analysis of tax expense

	2017 £	2016 £
Current tax	(25,079)	(168,355)
Deferred tax	(189,596)	288,818
Total tax (Credit)/expense in statement of comprehensive income	<u>(214,675)</u>	<u>120,463</u>

Factors affecting the tax expense

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

	2017 £	2016 £
Profit/(loss) before income tax	<u>204,496</u>	<u>(530,153)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	39,358	(106,031)
Effects of:		
Expenses not deductible for tax purposes	6,952	7,224
Effects of changes in tax rate	(10,959)	(47,675)
Effects of losses/group relief/other reliefs	-	(13,644)
Adjustments in respect of previous periods	<u>(250,026)</u>	<u>280,589</u>
Total tax (Credit)/expense in statement of comprehensive income	<u>(214,675)</u>	<u>120,463</u>

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees in either year. The remuneration of the directors was paid by and is dealt with in the financial statements of Thrive Renewables plc. It is not practicable to allocate their remuneration between their services as directors of Thrive Renewables plc and their services as directors of other companies within the Thrive Renewables plc group. The directors are considered to be the key management.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

10. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 January 2017 and 31 December 2017	14,396,792
DEPRECIATION	
At 1 January 2017	2,195,017
Charge for year	719,841
At 31 December 2017	2,914,858
NET BOOK VALUE	
At 31 December 2017	11,481,934
At 31 December 2016	12,201,775

The cost of fixed assets includes capitalised borrowing costs of £282,000, all of which were capitalised during the year ended 31 December 2013.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Amounts owed by group undertakings	35,851	35,851
Group relief debtor	435,322	702,243
Derivative financial instruments	40,228	67,683
Social security and other taxes	7,817	7,583
Called up share capital not paid	1	1
Prepayments and accrued income	438,417	284,460
	<u>957,636</u>	<u>1,097,821</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 14)	567,374	523,063
Trade creditors	204	1,482
Accruals and deferred income	169,538	176,797
	<u>737,116</u>	<u>701,342</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Bank loans (see note 14)	8,506,051	9,073,425
Amounts owed to group undertakings	3,911,907	4,607,557
Derivative financial instruments	396,316	593,290
	<u>12,814,274</u>	<u>14,274,272</u>

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

14. FINANCIAL LIABILITIES - BORROWINGS

	2017 £	2016 £
Current:		
Bank loans	<u>567,374</u>	<u>523,063</u>
Non-current:		
Bank loans - 1-2 years	<u>8,506,051</u>	<u>9,073,425</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank loans	<u>567,374</u>	<u>614,371</u>	<u>7,891,680</u>	<u>9,073,425</u>

Bank loans are held with Santander Bank and bear interest at a rate of 2.85% plus LIBOR. Bank loans are secured by fixed and floating charges over the undertaking and all property and assets. An interest rate swap contract is in place to mitigate the interest rate risk, detailed further in note 15.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

15. FINANCIAL INSTRUMENTS

Fair value of financial instruments

All financial instruments are held at amortised cost other than derivatives which are held at fair value. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximates to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to their fair value.

The company has the following financial assets and liabilities measured at fair value through profit or loss:

	2017	2016
Derivative financial instruments: - Assets - Inflation swap	40,228	67,683
Derivative financial instruments - Liabilities - Interest rate swap	396,316	593,290

Derivative financial instruments

The company enters into interest rate swap contracts to mitigate the interest rate risk for certain bank loan borrowings. At 31 December 2017 the outstanding contract matures during 2020 (2016: 2020). The company is committed to pay a fixed rate of 5.73% and receive 2.85% plus LIBOR.

The company enters into inflation swap contracts to mitigate the inflationary risk on certain costs and expenditure. At 31 December 2017 the outstanding contract matures during 2020 (2016: 2020). The company is committed to a fixed rate of 2.61%.

The swap contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the interest rates set out in the bank loan and interest rate swap contract as well as the actual inflation rates and those set out in the inflation rate swap contract respectively.

16. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	<u>525,832</u>	<u>715,428</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

16. **PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 1 January 2017	715,428
Origination and reversal of timing differences	93,890
Effect of changes in tax rates	(10,959)
Adjustment in respect of prior years	(272,527)
Balance at 31 December 2017	<u>525,832</u>

Deferred tax relates to fixed asset timing differences of £605,492 (2016 £804,781), losses of £19,125 (2016 Nil) and derivatives of (£60,535) (2016 (£89,353))

17. **CALLED UP SHARE CAPITAL**

Allotted and issued: Number:	Class:	Nominal value:	2017 £	2016 £
1	Share capital 1	£1	<u>1</u>	<u>1</u>

18. **RESERVES**

	Retained earnings £
At 1 January 2017	(923,275)
Profit for the year	419,171
At 31 December 2017	<u>(504,104)</u>
	Retained earnings £
At 1 January 2016	(272,659)
Deficit for the year	(650,616)
At 31 December 2016	<u>(923,275)</u>

The retained earnings represents the accumulated profits, losses and distributions of the company.

19. ULTIMATE PARENT COMPANY

Thrive Renewables plc is regarded by the directors as being the company's immediate and ultimate parent undertaking and ultimate controlling party, a company incorporated in England and Wales, and is the smallest and largest group of undertakings to consolidate these financial statements.

Copies of the consolidated financial statements of Thrive Renewables plc can be obtained from the Company Secretary at Deanery Road, Bristol, BS1 5AS.

20. RELATED PARTY DISCLOSURES

As a wholly-owned subsidiary of Thrive Renewables plc, the company has taken advantage under Financial Reporting Standard 101 of the exemption from the requirement to disclose related party transactions within the group.