

Triodos  Renewables

# Annual report 2004



Positive investment,  
positive energy

Triodos Renewable Energy Fund plc  
trading as Triodos Renewables

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*Registered in England and Wales no. 2978651*

# *Chair's report*

Welcome to the 2004 Annual Report.

With the recent ratification of the Kyoto protocol and increased media coverage, we are entering a phase of heightened awareness of the need to take action now on climate change and sustainable energy. One of the most positive things we can do is to move to generating energy from renewable sources such as wind, solar and hydro. Following years of missed opportunities, the UK renewable energy market is now at a particularly exciting stage. Improved planning guidance and technical developments have combined to create a much more conducive market environment and a flourishing renewable energy sector is emerging – led by some of the more mature technology areas such as the wind industry.

We believe that the Fund is best placed to take full advantage of the current favourable market conditions. With the careful management of risk by using mature technologies, long-term contracts, experienced management and good relationships with developers, the Fund offers the potential of good financial returns, while making a sustainable investment in the planet's future.

Having made the significant changes and progress we had hoped for in 2004, we plan to make big steps in 2005. With a number of projects close to completion, we will be launching a share issue in the spring/summer where we aim to offer new and existing shareholders the opportunity to participate in the next phase of growth in the renewable energy sector. Details of the share offer will be available in a Prospectus, which will be made available to all shareholders.

We have been very pleased with the progress of our investment, made in February 2004, in the sustainable energy company, E-concern BV. This relationship has delivered both an increase in financial value and strategic benefits that we hope will result in our first investment in an offshore wind farm later this year. We have also focused hard on ensuring the efficiency of our generating assets with major improvements being made to the hydro scheme at Beochlich from the middle of 2004, which we hope to continue to benefit from in 2005.

Given the improved operating performance and progress in 2004 the Board has recommended a dividend of 2.2p per share (2003: 1.1p) for the financial year 2004.

Having taken on board the comments from a high proportion of shareholders, we now have firm plans to take forward a small part of our portfolio to support early stage renewable generation projects. With the Fund also lining up investments in later stage projects (such as those already built or in the construction phase) we hope to be able to spread the risk appropriately in order to deliver a stable and positive financial performance over the long-term, as well as actively supporting the renewable energy market in a number of different ways. We are looking forward to working with all our partners to do so successfully.

**Charles Secrett**  
Chair

# *Officers and Professional Advisers*

## **DIRECTORS**

Charles Secrett (Chair)

Emma Howard Boyd

James Blanchard

John Harrison

Triodos Investments Ltd

## **SECRETARY**

Triodos Investments Ltd

## **REGISTERED OFFICE**

Brunel House  
11 The Promenade  
Bristol BS8 3NN

## **BANKERS**

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

## **SOLICITORS**

TLT Solicitors LLP  
One Redcliff Street  
Bristol BS1 6TP

## **AUDITORS**

Elliott Bunker Limited  
30 Queen Square  
Bristol BS1 4ND



# Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

Triodos Renewable Energy Fund plc was established to provide equity finance for small-scale renewable energy projects. The principal activity of the company is direct investment in the development and operation of small-scale renewable energy projects such as wind farms and hydro schemes. It provides a mechanism for individuals and institutions to invest directly in renewable energy opportunities. Its subsidiaries, The Wind Fund (Beochlich) Limited and Haverigg II Limited operate a hydro electric project and a wind farm project respectively. The company also holds a 3.85% share in E-Concern BV, a sustainable energy project company.

## REVIEW OF THE BUSINESS

The group achieved a profit before taxation for the year to 31 December 2003 of £43,894 (2003 £32,969).

Triodos Renewable Energy Fund plc made investments in 1998 into two operating projects via subsidiary undertakings, Haverigg II Limited and The Wind Fund (Beochlich) Limited.

Haverigg II Limited runs a four turbine wind farm in Cumbria of which one turbine is owned by Baywind Energy Co-Operative Limited. Electricity output at Haverigg II over the year was 6,299,241kWh (2003 5,630,312 kWh), a 11.9% increase due to higher average wind speeds.

The Wind Fund (Beochlich) Limited runs a hydro-electric scheme in Argyll, Scotland. Electricity output for the year was 3,248,533 kWh (2003 2,473,074 kWh), a 31.4% increase. To overcome the difficulties experienced in 2003 further investment was made in the plant during the middle of the year and as a result the project is now operating in line with expectations.

On 23 February 2004 the Company purchased 6,250 ordinary shares in E-Concern BV for a consideration of €750,000 (£506,755), representing 3.85% of the issued share capital of E-Concern BV and valuing this company at some €19 million. E-Concern BV is a sustainable energy project company active in the fields of sustainable energy knowledge and innovation, sustainable energy project development, and sustainable energy system supply and operates in The Netherlands, Germany, Belgium, Spain, United Kingdom, Poland and Italy. E-Concern BV continued to grow and had a successful 2004 with the result that its valuation as at 31 December 2004 is in the region of €30 million and on this basis the holding of Triodos Renewable Energy Fund plc would be worth €1,155,000 (£814,355).

The status of the investment in Solar Development Capital was reported in last year's accounts and subsequently during 2004 this investment was liquidated with a resultant loss of £26,247.

## RESULTS AND DIVIDENDS

The directors recommend the payment of a final proposed dividend of £59,298 (2003: £29,649). The retained loss for the year of £24,466 (2003: £5,917) has been transferred to reserves.

The directors consider that the company is well placed to perform satisfactorily in the future.

## INTRODUCTION OF THE EURO

The group has minimal ongoing sales and purchases outside the UK. Discussions with major customers and suppliers show little requirement for dealing in the Euro currency. It is proposed to deal with the Euro in the same way as any other non-sterling currency until the Euro becomes a more established currency and/or a decision is taken by the UK Government to join the Euro currency.

## PAYMENT POLICY

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

## DIRECTORS

The directors during the year were as follows:

Charles Secrett

Emma Howard Boyd

James Blanchard

John Harrison

Triodos Investments Ltd

## DIRECTORS' INTERESTS IN SHARES

The directors and their interests in the ordinary shares of the company at the beginning of the financial year and end of the financial year were:

		<b>50p Ordinary shares fully paid</b>
	2004	2003
Charles Secrett	-	-
Emma Howard Boyd	-	-
James Blanchard	-	-
John Harrison	2,000	2,000
Triodos Investments Ltd	400	400

Approved by the Board of Directors  
and signed on behalf of the Board on 22 March 2005

**Triodos Investments Ltd**  
Secretary

**Charles Secrett**  
Director

## *Statement of directors' responsibilities*

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

## *Auditors' report to the members of Triodos Renewable Energy Fund plc*

We have audited the financial statements of Triodos Renewable Energy Fund plc for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statement in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### **Elliott Bunker Limited**

*Chartered Accountants and Registered Auditors*

*22 March 2005*



# Consolidated profit and loss account

Year ended 31 December 2004

	Note	Continuing operations	
		2004 £	2003 £
Turnover	1	452,234	386,921
Cost of sales		(228,088)	(245,207)
<b>Gross profit</b>		<u>224,146</u>	<u>141,714</u>
Administrative expenses		(116,336)	(77,400)
<b>Operating profit</b>	3	<u>107,810</u>	<u>64,314</u>
Loss on investment	10	(26,247)	-
Interest receivable and similar income		46,980	59,241
Interest payable and similar charges	5	(84,649)	(90,586)
<b>Profit on ordinary activities before taxation</b>		<u>43,894</u>	<u>32,969</u>
Tax credit/(charge) on profit on ordinary activities	6	(9,062)	(9,237)
<b>Profit on ordinary activities after taxation</b>		<u>34,832</u>	<u>23,732</u>
Dividends payable	7	(59,298)	(29,649)
<b>Retained loss for the year</b>	17	<u><u>(24,466)</u></u>	<u><u>(5,917)</u></u>

The company has no recognised gains and losses other than the profit for the current financial year or the preceding financial year. Accordingly no statement of total recognised gains and losses has been prepared.

# Consolidated balance sheet

At 31 December 2004

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		2,393,362		2,526,165
Investments	10		506,755		42,333
<b>Current assets</b>					
Debtors	11	134,106		144,190	
Cash at bank and in hand		1,092,950		1,695,377	
Investments		173,500		173,500	
		<u>1,400,556</u>		<u>2,013,067</u>	
<b>Creditors: amounts falling due within one year</b>					
	12	(504,354)		(522,578)	
<b>Net current assets</b>					
			<u>896,202</u>		<u>1,490,489</u>
<b>Total assets less current liabilities</b>					
			3,796,319		4,058,987
<b>Creditors: amounts falling due after more than one year</b>					
	13		(889,704)		(1,146,747)
<b>Provisions for liabilities and charges</b>					
	15		(106,281)		(97,219)
<b>Net assets</b>					
			<u>2,800,334</u>		<u>2,815,021</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,216,780		1,212,930
Share premium account	17		1,557,879		1,551,950
Profit and loss account	17		25,675		50,141
<b>Equity shareholders' funds</b>					
	18		<u>2,800,334</u>		<u>2,815,021</u>

These financial statements were approved by the Board of Directors on 22 March 2005

Signed on behalf of the Board of Directors

**Charles Secrett**  
Director

**John Harrison**  
Director

# Company balance sheet

At 31 December 2004

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Investments	10		1,321,830		857,408
<b>Current assets</b>					
Debtors	11	1,115,555		918,813	
Cash at bank and in hand		845,815		1,520,962	
		<u>1,961,370</u>		<u>2,439,775</u>	
<b>Creditors: amounts falling due within one year</b>					
	12	(164,988)		(201,520)	
		<u></u>		<u></u>	
<b>Net current assets</b>			<u>1,796,382</u>		<u>2,238,255</u>
<b>Net assets</b>			<u><u>3,118,212</u></u>		<u><u>3,095,663</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		1,216,780		1,212,930
Share premium account	17		1,557,879		1,551,950
Profit and loss account	17		343,553		330,783
			<u></u>		<u></u>
<b>Equity shareholders' funds</b>			<u><u>3,118,212</u></u>		<u><u>3,095,663</u></u>

These financial statements were approved by the Board of Directors on 22 March 2005

Signed on behalf of the Board of Directors

**Charles Secrett**  
Director

**John Harrison**  
Director

# Consolidated cash flow statement

Year ended 31 December 2004

	Note	2004		2003	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	19		283,695		237,162
<b>Returns on investments and servicing of finance</b>					
Loss on Solar Development					
Capital investment		(26,247)		-	
Interest received		46,980		59,241	
Interest paid		(84,649)		(90,586)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(63,916)		(31,345)
<b>Capital expenditure and financial investment</b>					
New share capital		9,779		-	
Investment in E-Concern BV		(506,755)		-	
Disposal of Solar Development					
Capital investment		42,333		(19,245)	
Purchase of tangible fixed assets		(36,189)		(4,790)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(490,832)		(24,035)
<b>Net cash inflow before use of liquid resources and financing</b>			(271,053)		181,782
Equity Dividends Paid		(86,793)		(86,719)	
<b>Financing</b>					
Repayment of borrowings		(244,581)		(233,865)	
<b>Net cash outflow from financing</b>			(331,374)		(320,584)
<b>Increase/(decrease) in cash in the year</b>	21		(602,427)		(138,802)

# Notes to the accounts

Year ended 31 December 2004

## I. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

### Accounting convention

The financial statements are prepared under the historical cost convention.

### Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 December 2004. The directors have also taken advantage of the exemption granted by the Companies Act to omit the company profit and loss account from these financial statements.

### Current asset investment

Current asset investments represent cash held on deposit.

### Investments

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

### Tangible fixed assets

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

Plant and machinery	5% per annum
---------------------	--------------

Assets under course of construction are not depreciated.

### Turnover

Turnover which is stated net of value added tax represents amounts invoiced in relation to the company's and group's principal activities in the United Kingdom.

### Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

### Foreign exchange

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

### Leases

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



## 2. CLASS OF BUSINESS

The directors consider that there is only one class of business and hence segmental information by class is not provided.

## 3. OPERATING PROFIT

	2004	2003
	£	£
Operating profit is after charging:		
Auditors' remuneration:		
- audit services	5,998	6,500
- other services including taxation	5,318	2,500
Depreciation	168,992	166,458
Other operating leases	26,247	20,658
	<u>          </u>	<u>          </u>

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004	2003
	£	£
The emoluments of directors of the company were:		
Directors' emoluments	7,830	4,011
	<u>          </u>	<u>          </u>

No pension emoluments were paid on the behalf of directors.

There were no employees of the company other than the directors.

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Loans repayable after more than five years	84,649	90,586
	<u>          </u>	<u>          </u>
	<u>84,649</u>	<u>90,586</u>

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Deferred taxation credit/(charge)	(9,062)	(9,237)
	<u>          </u>	<u>          </u>

## 7. DIVIDENDS

	2004	2003
	£	£
Final proposed 2.2p per ordinary share (2003: 1.1p) per ordinary share	53,368	26,684
Final proposed dividend per 'A' ordinary share	5,930	2,965
	<u>          </u>	<u>          </u>
	<u>59,298</u>	<u>29,649</u>

## 8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £12,770 (2003: £86,204 profit).

## 9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Total £
<b>Cost</b>		
At 1 January 2004	3,331,551	3,331,551
Additions	36,189	36,189
At 31 December 2004	<u>3,367,740</u>	<u>3,367,740</u>
<b>Accumulated depreciation</b>		
At 1 January 2004	805,386	805,386
Provision for the year	168,992	168,992
At 31 December 2004	<u>974,378</u>	<u>974,378</u>
<b>Net book value</b>		
At 31 December 2004	<u>2,393,362</u>	<u>2,393,362</u>
At 31 December 2003	<u>2,526,165</u>	<u>2,526,165</u>

## 10. INVESTMENTS

### Company

Investments in subsidiary undertakings at cost:	£
At 1 January 2004 and at 31 December 2004	<u>815,075</u>

The company owns 100% of the issued ordinary shares of The Wind Fund (Beochlich) Limited, a company incorporated in England. The principal business activity of The Wind Fund (Beochlich) Limited is power supply.

The company owns 100% of the issued ordinary shares of Haverigg II Limited, a company incorporated in England. The principal business activity of Haverigg II Limited is power supply.

During the year the investment in Solar Development Capital was disposed of at a loss of £26,247. On 23 February 2004 the Company purchased 6,250 ordinary shares in E-Concern BV for a consideration of €750,000 (£506,755).

Other investments:	£
Balance as at 1 January 2004	42,333
Solar Development Capital written off	(26,247)
Solar Development Capital disposed	(16,086)
E-Concern BV	506,755
Balance as at 31 December 2004	<u>506,755</u>

## II. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	68,840	58,916	-	-
Amounts owed by group undertakings	-	-	1,115,555	907,750
Other debtors	11,722	21,585	-	11,063
Prepayments and accrued income	53,544	63,689	-	-
	<u>134,106</u>	<u>144,190</u>	<u>1,115,555</u>	<u>918,813</u>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans	259,944	247,482	-	-
Trade creditors	22,776	2,096	-	-
Other creditors including taxation and social security	54,298	16,820	13,553	594
Accruals and deferred income	72,569	133,918	56,668	78,664
Proposed dividend	94,767	122,262	94,767	122,262
	<u>504,354</u>	<u>522,578</u>	<u>164,988</u>	<u>201,520</u>

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

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans	889,704	1,146,747	-	-

## 14. BORROWINGS

	2004	2003
	£	£
<b>Bank loans</b>		
Amounts payable:		
- due within one year	259,944	247,482
- due after more than one year	889,704	1,146,747
	<u>1,149,648</u>	<u>1,394,229</u>
<b>Analysis of loan repayments</b>	£	£
Bank loans and overdrafts:		
- within one year	259,944	247,482
- within one to two years	278,738	262,899
- within two to five years	610,966	860,811
- after five years	-	23,037
	<u>1,149,648</u>	<u>1,394,229</u>

Bank loans comprise of £1,149,648 with Triodos Bank and bear interest currently at 2.25% over Royal Bank of Scotland base rate. This is repayable in monthly instalments and is secured by fixed and floating charges on the fixed assets of the subsidiary companies.

#### 15. PROVISIONS FOR LIABILITIES AND CHARGES

Group	At 1 January 2004 £	Charged to profit and loss account £	At 31 December 2004 £
Deferred taxation	97,219	9,062	106,281

The amounts of deferred tax provided and unprovided in the accounts are as follows:

	Provided		Unprovided	
	2004 £	2003 £	2004 £	2003 £
Accelerated capital allowances	312,512	336,231	-	-
Trading losses	(206,231)	(239,012)	-	-
	106,281	97,219	-	-

#### 16. CALLED UP SHARE CAPITAL

	2004 No.	and 2003 £
<b>Authorised</b>		
Ordinary shares of £0.50 each	50,000,000	25,000,000
'A' ordinary share of £2 each	1	2
	50,000,001	25,000,002
	2004 £	2003 £
<b>Called up, allotted and fully paid</b>		
Fully paid ordinary shares of £0.50 each	1,216,778	1,212,928
'A' ordinary share of £2 each	2	2
	1,216,780	1,212,930

#### Rights attached to shares

The 'A' ordinary share has the right:

- to receive 10% of the aggregate of any dividends declared;
- to prevent the passing of any special resolution, any extraordinary resolution, any resolution where special notice is required, or any resolution required to be forwarded to the Registrar of Companies in accordance with Sections 122, 123 or 380 of the Companies Act, being given such number of votes as necessary to stop such a resolution;
- to appoint or remove a director by being given such number of votes as necessary to pass such a resolution; and
- in all other cases, such number of votes as represents 10% of the entire voting rights of the company.

## Warrant to subscribe for shares

On 25 September 2003 the Company issued a warrant in favour of Triodos Investments Ltd to subscribe for up to 1,000,000 ordinary shares of 50p each at a price to be calculated by reference to the last traded price per ordinary share on the Matched Bargain Market less the sum of three pence per ordinary share. The warrant to be exercised on a 'back to back' basis in tranches of not more than 50,000 ordinary shares at any one time. The warrant will cease once a new public offering of shares is made by the company. During 2004 7,700 ordinary shares were subscribed through this warrant.

## 17. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account	Profit and loss account
<b>Group</b>	£	£
At 1 January 2004	1,551,950	50,141
Addition during year	5,929	-
Retained loss for the year	-	(24,466)
	<hr/>	<hr/>
At 31 December 2004	1,557,879	25,675
	<hr/> <hr/>	<hr/> <hr/>
<b>Company</b>	£	£
At 1 January 2004	1,551,950	330,783
Addition during year	5,929	-
Retained profit for the year	-	12,770
	<hr/>	<hr/>
At 31 December 2004	1,557,879	343,553
	<hr/> <hr/>	<hr/> <hr/>

## 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
<b>Group</b>	£	£
Retained loss for the financial year	(24,466)	(5,917)
New share capital subscribed (net of issue costs)	9,779	-
	<hr/>	<hr/>
Net distributions to shareholders' funds	(14,687)	(5,917)
Opening shareholders' funds	2,815,021	2,820,938
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	2,800,334	2,815,021
	<hr/> <hr/>	<hr/> <hr/>
<b>Company</b>	£	£
Retained profit for the financial year	12,770	86,204
New share capital subscribed (net of issue costs)	9,779	-
	<hr/>	<hr/>
Net additions to shareholders' funds	22,549	86,204
Opening shareholders' funds	3,095,663	3,009,459
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	3,118,212	3,095,663
	<hr/> <hr/>	<hr/> <hr/>



**19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2004	2003
	£	£
Operating profit	107,810	64,314
(Increase)/Decrease in debtors	10,084	(26,572)
Increase/(Decrease) in creditors	(3,191)	32,962
Depreciation	168,992	166,458
Net cash inflow from operating activities	<u>283,695</u>	<u>237,162</u>

**20. ANALYSIS OF NET FUNDS**

	At 1		Non-cash	At 31
	January	Cash flow	changes	December
	2004	2004	2004	2004
	£	£	£	£
Cash at bank and in hand	1,695,377	(602,427)	-	1,092,950
Overdrafts	-	-	-	-
Bank loans falling due				
within one year	(247,482)	244,581	(257,043)	(259,944)
Bank loans falling due after				
more than one year	(1,146,747)	-	257,043	(889,704)
Current asset investments	173,500	-	-	173,500
	<u>474,648</u>	<u>(357,846)</u>	<u>-</u>	<u>116,802</u>

**21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2004
	£
Decrease in cash at bank in the year	(602,427)
Decrease in overdrafts in the year	-
Cash outflow from decrease in debt	244,581
Change in net debt resulting from cash flows	<u>(357,846)</u>
Movement in net debt in the year	(357,846)
Net funds/(debt) at 1 January	474,648
Net funds at 31 December	<u>116,802</u>

**22. CAPITAL COMMITMENTS**

	2004	2003
	£	£
At 31 December 2003, the group was committed to the following capital expenditure	-	-

### 23. OPERATING LEASE COMMITMENTS

At 31 December 2004 the group was committed to making the following payments during the next year in respect of operating leases:

Land and buildings	2004	2003
	£	£
Leases which expire - in over five years	17,127	16,775
	<u>                    </u>	<u>                    </u>

### 24. RELATED PARTY TRANSACTIONS

Under the terms of the 'Provision for Administrative Services Agreement' Triodos Bank is responsible for the fund management and the administrative running of the company. During the year, Triodos Bank received fees of £38,000 for this service (2003:£18,000). This amount is included in creditors at the year end.







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