GOOD ENERGY GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

2010

GOOD ENERGY GROUP PLC

Monkton Reach
Monkton Hill
Chippenham
Wiltshire
SN15 1EE

Dear Shareholder

This is your copy of the Directors' Annual Report and Accounts, a document which we are required by law to produce each year.

It does not require any action by you; it is to inform you about the operating and financial results of your company for the year ended 31 December 2010, our financial position as at 31 December 2010, and to offer some comments about current trends and prospects.

The contents of the report are prescribed largely by statutory requirement and best practice in accounting and corporate governance. If all this data is not particularly interesting to you, I suggest you at least read my Chairman's Statement on page 5 and Juliet Davenport's review on page 6.

You should also note that we are holding our AGM (Annual General Meeting) of shareholders on 3 June 2011 in Chippenham. The details of this are set out in the Notice on page 2; you are not obliged to come to this but we are always keen to meet our shareholders and if you can make it, so much the better.

Yours faithfully

John Sellers
Chairman
Good Energy Group PLC
27 April 2011

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NOTICE OF ANNUAL GENERAL MEETING
For the year ended 31 December 2010

Notice is hereby given that the Annual General Meeting (the "AGM") of Good Energy Group plc (the "Company") will be held at Chippenham Town Hall, High Street, Chippenham, Wiltshire SN15 1ER on 3 June 2011 at 11am for the following purposes:

Ordinary Business
To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. Report and accounts
To receive the audited annual accounts of the Company for the year ended 31 December 2010, together with the Directors' report and the Auditors' report on those annual accounts.

2. Re-election of Director
To re-elect John Sellers as a director, who retires by rotation in accordance with the Company's Articles of Association.

3. Election of Director
To elect Garry Peagam as a director, who having been appointed since the last Annual General Meeting, offers himself for election in accordance with the Company's Articles of Association.

4. Re-appointment of auditors and determination of remuneration
To re-appoint Calder & Co. as Auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution:

5. Directors' authority to allot securities
That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551, Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £600,000 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

6. Directors' power to allot securities and disapplication of pre-emption rights
That the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 5 above as if Section 561(1) of the Act did not apply to such allotment provided that:

6.1 the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities:

(i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

(ii) to holders of any other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

(b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £250,000; and

6.2 unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the directors may allot equity securities (and sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

John Sellers
Chairman
27 April 2011

By order of the Board
Registered Office: 2 Temple Back East,
Temple Quay. Bristol BS1 6EG

Notes:

1. Pursuant to Part 13 of the Companies Act 2006 and to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6 p.m. on 1 June 2011 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
2. If you wish to attend the AGM in person, you should arrive at the venue in good time for the meeting which will commence at 11am. You may be asked to prove your identity.
3. A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
4. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by no later than 11 a.m. on 1 June 2011.
5. The notes to the proxy form include instructions on how to appoint a proxy by using the CREST proxy appointment service.
6. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
7. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: Either by the appointment of a proxy (described in Notes 3 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.

DIRECTORS AND CORPORATE RESOURCES

Directors	John Sellers (Non-Executive Chairman) Juliet Davenport (Chief Executive) Garry Peagam (Finance Director) Lawrence Churchill (Senior Independent Non-Executive Director) Richard Squires (Independent Non-Executive Director) Martin Edwards (Non-Executive Director)
Company Secretary and Registered Office	Ovalsec Limited 2 Temple Back East Temple Quay Bristol BS1 6EG
Company Number	04000623
Principal place of business	Monkton Reach Monkton Hill Chippenham Wiltshire SN15 1EE
Auditors	Calder & Co Statutory Auditor and Chartered Accountants 1 Regent Street London SW1Y 4NW
PLUS Advisors	Bishop Fleming 16 Queen Square Bristol BS1 4NT
Bankers	The Co-operative Bank PLC PO Box 101 1 Balloon Street Manchester M60 4EP Lloyds TSB Bank PLC PO Box 112 Canons House Bristol BS99 7LB
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY

CHAIRMAN'S STATEMENT
For the year ended 31 December 2010

I am very pleased to be able to report that Good Energy has continued to grow and has improved our financial performance in the year ended 31 December 2010, its 11th year in operation.

Our goal continues to be the transformation of the energy markets by inspiring people to choose renewable energy, not only through their choice of electricity supply but also by becoming generators themselves. Indeed, our mission to demonstrate how the UK can achieve a more secure and sustainable energy future has never seemed more relevant or important than it does today.

We have grown the number of renewable generators we support to over 2,000 while maintaining a solid retail base of over 29,000 customers. Now, one in fifteen of our customers is also a generator. We also continue to have our say in national energy policy, through both political and regulatory institutions. In particular, we are contributing to the government's consultation on Electricity Market Reform which lays out the investment the UK electricity market needs in order to ensure a secure, stable and low-carbon energy system for the future.

A full review of operating performance for the year is set out on pages 6 to 9. Key highlights include the completion of the repowering of Delabole Wind Farm, in line with plan. The new wind farm is forecast to generate approximately 20% of Good Energy's electricity requirements. The Generation team continues to work on a pipeline of new wind farm projects, with the aim of adding 50MW of new capacity in the next five years.

Another highlight was the introduction of the government's Feed-in Tariff in April 2010, for renewable electricity, which really played to Good Energy's strengths. Our experience of developing innovative reward schemes means we are able to offer a first class service to renewable generators and we have seen strong growth in this sector, which we expect to maintain.

Having resolved to increase our profitability to a level that supports the initiation of a sustainable dividend programme, in December 2010 the Group was very pleased to announce a first payment of 2.5 pence per ordinary share. We feel the payments of dividends should be part of our natural evolution and that our shareholders are entitled to a cash return for supporting our mission to help the UK achieve a 100% renewable future.

On behalf of the Board I would like to acknowledge the contribution of Juliet Davenport and her team, as well as all our Good Energy customers, suppliers and shareholders. We thank you for your ongoing support and assure you that your award-winning company will continue its efforts to empower individuals to make a difference to climate change and be a catalyst for change in the energy market.

Looking ahead, 2011 has all the makings of another eventful year for us, with the current backdrop of energy market turmoil caused by recent events in the Middle East and Japan being a case in point. But your Board is confident that over the years we have built up a team which is able to respond quickly and flexibly to these challenges, which gives us confidence that Good Energy will continue to go from strength to strength.

John Sellers
Chairman
27 April 2011

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW
For the year ended 31 December 2010

STRATEGIC PURPOSE

Now in our 12th year of operation, Good Energy Group's key objective is still to be a catalyst for change in the energy industry, by empowering individuals, businesses and communities to choose and generate renewable energy.

During 2010 the Group made good progress with several initiatives. These included the successful repower of our wind farm in Delabole, Cornwall, which now generates enough power for 7,800 homes and accounts for roughly 20% of Good Energy's supply requirements.

In April 2010, Good Energy welcomed the introduction of Feed-in Tariffs (FIT) to encourage small-scale electricity generators to produce their own power. With our experience of running our own reward schemes for microrenewable generators, HomeGen and SmartGen, and the investment we have made in our systems to support FIT, Good Energy is now well placed to support small generators and provide services to this sector.

In 2009 and throughout 2010 Good Energy took the strategic decision to focus our efforts on improving our trading systems. In particular we are now using a new forecasting methodology which has already resulted in improvements in the trading efficacy of our 100% renewable electricity portfolio. This approach stood us in good stead for 2010 which is reflected in the improvement in both our financial results and our competitive position compared with previous years.

GOOD ENERGY

100% renewable electricity supply

Our customer growth in 2010 has been modest, with a small increase on 2009. We have been disappointed with the performance of OFGEM's Green Energy Supply Certification Scheme and will review our role within this scheme during 2011. Our work on marketing in 2010 has been to continue to develop the Good Energy brand and how it's communicated, and also to continue to develop our renewable energy policy. We believe that throughout 2011 we will begin to benefit from the preparatory work we have undertaken with our brand. We are pleased to have launched our new website www.goodenergy.co.uk, which reflects our updated branding and messaging.

A 4.4% increase in revenue from electricity sales in 2010, with a corresponding reduction in cost of sales of 3%, resulted in an improvement in gross margin of 5.4%. This is mainly attributable to improvements in our trading methodologies. The new trading system which we began to implement in 2009 is now fully operational, and we have also introduced better renewable power forecasting models. These developments have enabled us to hold our customer prices in a market where our competitors have been increasing theirs.

Our administrative expenses for electricity have increased in the year. In 2010 we made some significant changes to the way our operations are run. During this process, we undertook to restructure some departments and in doing so, we incurred some one-off costs, which contributed to this increase. We have invested in staff training to enhance their skills and the team is now well placed to better serve and support our customers.

Pricing
In December 2010 Good Energy announced a winter price freeze for gas and electricity prices, a time when all major suppliers increased their tariffs by up to 9 percent. We followed this with a further announcement in February 2011 that we hoped to extend the price freeze for as long as we are able. This is as a result of improvements in trading and having reduced our price differential with other energy suppliers, underlines our commitment to make 100% renewable electricity more accessible to everyone. However, world events may mean the whole market may need to change its prices in 2011, and we are keeping a close watching brief.

Feed-in Tariff
In April 2010, the Government launched the Feed-in Tariff (FIT) for renewable electricity, which is already driving growth in the number of generator customers for Good Energy. We expect this growth to continue in 2011 and beyond, although at a slightly lower level due to the early FIT review. Based on our experience with HomeGen, FIT generators who are also customers are likely to stay with Good Energy for longer, and reduce the overall churn of our customer base.

We believe we can offer a market-leading service and through that win a significant market share in FIT generators, but the window of opportunity is limited. The Feed-in Tariff is currently under review, and after April 2012 payments to new generators are scheduled to be reduced. We anticipate growth of generation in 2011, beyond which it may level off. At the end of March 2011 Good Energy has 1,400 registered FIT customers and our growth projection will see us more than doubling that to reach 3,000 by year end.

Gas and Renewable Heat
Good Energy Gas has built on its 2009 performance to be profitable for a second year. Growth in the gas company was 23% in 2010, to finish the year with 3,364 customers. Having reviewed our contractual terms, in 2010 we decided to change our gas shipper to offer greater scope for growth. In May 2010 we agreed terms with CNG, an independent gas shipper which supports Good Energy and other small suppliers in the sector. Our new contract came into effect in July 2010 and we believe that this means the right conditions are now in place for Good Energy to continue to grow our gas business.

In March 2011 the government announced the long-awaited renewable heat incentive. Good Energy has worked hard to convince Government that an RHI would improve the take-up of renewable heat technology, using our experience with HotROCs as part of our gas product. We are pleased to see that the policy announced in March 2011 applies to a wide range of technologies and includes commercial and community as well as domestic schemes. We are now reviewing how we'll be enhancing our gas product and will make an announcement later in the year.

Good Energy has participated in The Energy Saving Trust's field trial of solar thermal hot water installations; the most wide-ranging monitoring exercise of the technology undertaken to date in the UK. The trial's purpose is to assess the performance of different solar thermal systems across a range of homes, to determine what factors affect their performance.

GENERATION
The fourth quarter of 2010 saw the successful completion of the repower of our wind farm in Delabole, Cornwall, and its re-launch in February 2011 by Secretary of State for Energy and Climate Change, Chris Huhne. The repower has increased the capacity of the wind farm by 2.3 times, to 9.2MW. The old turbines were removed from the site and will now start a new life generating renewable electricity in Lithuania.

Our generation team continues to explore potential new sites to develop. We have a strong pipeline of projects with a long-term goal of adding 50MW of new capacity over the next five years. During 2011 we will be working towards developing the first of these sites to the stage where we can apply for planning. We are particularly keen to engage the support of local communities near the sites and are exploring ways of ensuring benefits flow back to the local community.

FINANCIAL REVIEW

The statutory Financial Statements of Good Energy Group PLC for the year ended 31 December 2010 are set out on pages 14 to 18 together with explanatory notes and comparisons with previous years where appropriate.

Revenue and Gross Profit

At £20.0m, sales revenue in 2010 was 9.5% higher than in 2009. Of this £1.7m increase, electricity revenue was up £0.7m and gas sales up by £0.9m. At 32.4% of revenue, gross profit is an improvement on the 27.6% achieved in 2009. This improvement is mainly attributable to the advances in our trading performance in the year and has allowed us to improve our competitive position in the market.

Administrative Expenses

At £5.8m, total Group administrative expenses in 2010 were £1.4m higher than in 2009. An analysis of the increase is provided in the notes to the Financial Statements. Of this increase, £0.7m relates to the investment in staff resources necessary for the development of our new business areas, to support the growth in our gas and FIT businesses and to enhance our energy trading systems.

Profit Before Tax

Profit before tax at £705,340 increased in 2010 by 6.4% (2009: £662,607) and represent 3.5% of revenue (2009: 3.6%).

Our average cash balance in 2010 is neutral, excluding investing in Delabole Wind Farm. The interest charge in the year is attributable to the debt interest payable on the financing for the wind farm.

In December 2010, the Group paid a maiden dividend to shareholders of 2.5p. The distributable reserves carried forward are £2,461,903.

Financial Position and Financing

The Consolidated Statement of Financial Position is set out on page 15. This shows Shareholders' Equity of £5,852,151 (2009: £5,510,462) equivalent to 74.9p per ordinary share (2009: 70.5p). The statement is drawn up on an historic cost basis, and therefore excludes the inherent value of certain intangible assets.

During the year we also took the opportunity to review our bank facilities. As a result of this review we have transferred our day-to-day banking from NatWest to Lloyds Bank, which has enabled us to significantly improve the terms of our facility and reduce the overall costs of borrowing. In addition to our relationship with Lloyds, we continue to bank with the Co-operative Bank for our generation business and are looking forward to building long-term relationships with both banks. We think the combined strengths of the two banks suit our needs very well.

Cashflow during the year was a net outflow of £1,247,590. This is attributable to the equity investment in the repower of the wind farm at Delabole. Excluding this investment of £1,273,586, the cash flow attributable to ordinary activities was an inflow of £25,996. The Group now has long term debt on the wind farm; at the balance sheet date this was £7,790,425 and is set to increase to £9.6m overall in the first part of 2011.

Maiden dividend payment

Following the payment of our maiden dividend in 2010, the Board intends to operate a progressive dividend policy going forward which recognises the success and growing maturity of the business while taking into account the development needs of the generation side of the business.

PROSPECTS FOR 2011 AND BEYOND

Good Energy intends to build on our successes during 2010 and has set the following as our key priorities for 2011:

- Continue to improve on our competitive positioning in the energy retail market
- Expand our Feed-in Tariff administration business
- To expand our generation and development of onshore wind farms
- Develop a new product related to the Renewable Heat Incentive

The Government's commitment to reducing the budget deficit continues to dominate all areas of policy, including energy, climate change and green growth. With departmental spending constrained for the foreseeable future, the ability of Ministers to introduce new policies remains limited. Despite a need to maintain political face after making the claim the Coalition will be the 'greenest government ever', the emphasis is on a market-based economic recovery without regard for whether that recovery is 'green' or 'brown'.

Nevertheless a number of key opportunities still exist for Good Energy to maintain our leading role in influencing individuals, businesses and the Government to help develop the UK's renewable energy market. Electricity Market Reform presents an opportunity to secure the future of decentralised renewable supplies as the largest source of energy. Whilst reviews of the current Feed-in Tariff and the existing Renewables Obligation have created some investor uncertainty, opportunities exist to shape the market framework to promote more green generation and a greater uptake of renewable energy.

Taking into account these concerns and opportunities, Good Energy Group continues to be strategically well positioned for the medium term. Our plans for 2011 indicate a continuation in growth and an improvement in our financial performance over 2010.

Juliet Davenport
Chief Executive
27 April 2011

DIRECTORS' REPORT
For the year ended 31 December 2010

The Directors present their Annual Report for Good Energy Group PLC, together with the consolidated Financial Statements of the Good Energy Group of companies for the year ended 31 December 2010.

DIRECTORS

The Directors and their beneficial interests in the Parent Company's issued share capital are:

	31 December 2010	*31 December 2009*
John Sellers	**801,297**	*801,297*
Juliet Davenport	**279,702**	*279,702*
Garry Peagam (appointed 30 June 2010)	**-**	-
Lawrence Churchill	**-**	-
Martin Edwards	**669,827**	*669,827*
Richard Squires	**-**	-
Jon Fairchild (resigned 30 April 2010)	**12,000**	*12,000*

Juliet Davenport has the following share options in the Company: 520,000 shares exercisable after 1 May 2005 at 50p per share; and 35,000 shares exercisable after 1 June 2007 at 75p per share.

Garry Peagam has the following share options in the Company: 200,000 shares exercisable after 21 June 2013 at £1 per share.

Jon Fairchild resigned as Director of the Company on 30 April 2010. He was replaced by Garry Peagam, who was appointed on 30 June 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Group Financial Statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

The Company Financial Statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing each of the Group and Company Financial Statements, the Directors are required to:

(a) select suitable accounting policies and then apply them consistently;
(b) make judgments and estimates that are reasonable and prudent;
(c) state whether they have been prepared in accordance with IFRSs adopted by the EU; and
(d) prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also 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' REPORT
For the year ended 31 December 2010

OWN SHARES ACQUIRED
Details of own shares are shown in note 16. No own shares were acquired during the year.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS
The principal activity of Good Energy Group PLC is that of a holding and management company to the Group. The principal activities of its subsidiaries are the purchase, generation and sale of electricity from renewable sources, the provision of gas and the provision of goods and services in energy efficiency, carbon reduction and micro-renewable generation. A detailed review of the business is set out in the Operating and Financial Review.

The purpose of this Annual Report and Accounts is to provide information to members of the Company. It contains certain forward looking statements relating to the operations, performance and financial condition of the Group. By their nature these statements involve uncertainty since future events and circumstances can differ from those anticipated. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

RESULTS AND DIVIDENDS
The results for the year are set out on the Consolidated Statement of Comprehensive Income. Details of the dividend paid in the year are given in note 21. The Directors do not recommend payment of a final dividend.

FUTURE DEVELOPMENT
The Company is following its strategic plan which calls for growth in both the supply business (electricity and gas) and the generation business (developing new potential generation assets). To fund this strategy, the Company may need to raise equity funds from time to time. As in previous years, the Company is proposing resolutions at this years Annual General Meeting to authorise the Directors to issue shares in order to effect this strategy. Indications of future development of the Group and its subsidiaries can be found in the Chief Executive's Operating and Financial Review.

CORPORATE GOVERNANCE AND FINANCIAL CONTROL
The Board is familiar with modern standards of corporate governance and adopts those standards progressively as the scale of the Group increases. The roles of Chief Executive and Chairman have always been split, with the Chairman operating in a Non-Executive capacity. The Board has the services of two Non-Executive Independent Directors.

The Board convenes on a monthly basis to review the Group's actual and prospective performance, but also to resolve issues relating to remuneration, accounting policy, audit, risk, strategy, health and safety and other specific subjects. In these discussions, one of the Independent Directors takes the Chair.

The Board reviews the operational and financial results of the Group on a monthly basis against a pre-agreed set of performance targets and authority levels for Executive Management, and has the benefit of a system of continuous financial planning which is used to better manage profit and cash flow forecasting, and to inform investment decision-making.

REMUNERATION REVIEW

Details of the Directors' remuneration are set out in note 6 of the Financial Statements.

GROUP POLICY FOR PAYMENT OF CREDITORS

The Group requires its subsidiaries to perform to high standards of commercial practice. Its policy is strictly to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the Group endeavours to adhere to the supplier's standard terms. The Group had 101 days of purchases outstanding at 31 December 2010 (2009: 82 days) based on the average daily amount chargeable by suppliers during the year.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved confirms that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's Auditors are unaware, and;
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's Auditors in connection with preparing their Report and to establish that the Company and the Group's Auditors are aware of that information.

ETHICAL STATEMENT

Good Energy Group PLC espouses the highest possible standards of ethical, environmental and social responsibility. Our core business has an environmental focus and it seeks to provide individuals and businesses with simple solutions to combat climate change. We are keen to have our customers become shareholders to provide a balance of benefit between the owners of the Company and its customers. We expect the highest standards of social and commercial behaviour in our staff. Good Energy has produced a Values Report for 2009 -10 which is available on request. Our environmental credentials have been confirmed independently by Nexia Smith & Williamson, a top 10 firm of Chartered Accountants, and a copy of their report is also available.

RISK MANAGEMENT

The Group maintains a Risk Register which identifies key risks of the business, the actions agreed by Management to obviate those risks or to mitigate their effects, and assigns specific responsibilities for relevant action. The Register is reviewed by the board semi-annually.

The risk management objectives of the Company and the Group are set out in note 1.k.

AUDITORS

The Auditors, Calder & Co, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 27 April 2011 and signed on its behalf.

John Sellers
Chairman
27 April 2011

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GOOD ENERGY GROUP PLC

We have audited the accompanying Financial Statements of Good Energy Group PLC and its subsidiaries for the year ended 31 December 2010, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

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

Opinion on Financial Statements
In our opinion the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2010 and of the Group's profit for the year then ended; have been properly prepared in accordance with IFRSs as adopted by the European Union; and have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Group Financial Statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the Company's Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Lyon FCA
Senior Statutory Auditor
For and on behalf of

Calder & Co
Statutory Auditor and Chartered Accountants
1 Regent Street
London SW1Y 4NW
27 April 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Note	2010 £	2009 £
REVENUE	1, 2	**20,036,268**	18,290,012
Cost of sales		**13,552,430**	13,245,126
GROSS PROFIT		**6,483,838**	5,044,886
Administrative expenses	3	**5,759,060**	4,369,550
OPERATING PROFIT	2, 3	**724,778**	675,336
Finance income	7	**-**	1,909
Finance costs	8	**(19,438)**	(14,638)
PROFIT BEFORE TAX		**705,340**	662,607
Taxation	9	**(191,566)**	(194,798)
PROFIT FOR THE YEAR	2	**513,774**	467,809
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**513,774**	467,809
Earnings per share - Basic	10	**7.5p**	6.8p
- Diluted	10	**6.6p**	6.0p

All amounts relate to continuing operations.

The notes on pages 19 to 39 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	Consolidated 2010 £	2009 £
ASSETS			
Non-current assets			
Property, plant and equipment	11	**12,142,285**	*2,051,229*
Intangible assets	12	**2,066,453**	*2,211,593*
Investments	13	**11,258**	*11,258*
Total non-current assets		**14,219,996**	*4,274,080*
CURRENT ASSETS			
Inventories	14	**3,064,594**	*2,321,474*
Trade and other receivables	15	**4,103,645**	*3,223,781*
Cash and cash equivalents		**-**	*1,077,750*
Total current assets		**7,168,239**	*6,623,005*
TOTAL ASSETS		**21,388,235**	*10,897,085*
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	16	**343,567**	*343,567*
Share premium account		**3,046,681**	*3,046,681*
Retained earnings		**2,461,903**	*2,120,214*
TOTAL EQUITY		**5,852,151**	*5,510,462*
Non-current liabilities			
Deferred taxation	17	**115,489**	*73,727*
Borrowings	18	**7,170,251**	-
Total Non-current liabilities		**7,285,740**	*73,727*
Current liabilities			
Borrowings	18	**620,174**	-
Trade and other payables	19	**7,395,657**	*5,146,996*
Current tax payable	9	**64,673**	*165,900*
Bank overdraft	20	**169,840**	-
Total current liabilities		**8,250,344**	*5,312,896*
TOTAL LIABILITIES		**15,536,084**	*5,386,623*
TOTAL EQUITY AND LIABILITIES		**21,388,235**	*10,897,085*

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 April 2011 and were signed on its behalf by:

Juliet Davenport
Chief Executive

The notes on pages 19 to 39 form part of these Financial Statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	Parent 2010 £	2009 £
ASSETS			
Non-current assets			
Investments	13	**4,861,610**	*5,466,886*
Total non-current assets		**4,861,610**	*5,466,886*
CURRENT ASSETS			
Trade and other receivables	15	**9,621**	*234,531*
Cash and cash equivalents		**2,721**	*19,195*
Total current assets		**12,342**	*253,726*
TOTAL ASSETS		**4,873,952**	*5,720,612*
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	16	**343,567**	*343,567*
Share premium account		**3,046,681**	*3,046,681*
Retained earnings		**940,959**	*898,424*
TOTAL EQUITY		**4,331,207**	*4,288,672*
Non-current liabilities			
Borrowings	18	**409,660**	*1,238,130*
Total Non-current liabilities		**409,660**	*1,238,130*
Current liabilities			
Trade and other payables	19	**133,085**	*193,810*
Total current liabilities		**133,085**	*193,810*
TOTAL LIABILITIES		**542,745**	*1,431,940*
TOTAL EQUITY AND LIABILITIES		**4,873,952**	*5,720,612*

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 April 2011 and were signed on its behalf by:

Juliet Davenport
Chief Executive

The notes on pages 19 to 39 form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2010

2010 Parent Company	**Share capital**	**Share premium**	**Retained earnings**	**Total**
	£	£	£	£
Equity as at beginning of year	**343,567**	**3,046,681**	**898,424**	**4,288,672**
Changes				
Total comprehensive income for the year	-	-	**214,620**	**214,620**
Dividends paid	-	-	**(172,085)**	**(172,085)**
Changes total	-	-	**42,535**	**42,535**
Equity as at 31 December 2010	**343,567**	**3,046,681**	**940,959**	**4,331,207**

2009 Parent Company	**Share capital**	**Share premium**	**Retained earnings**	**Total**
	£	£	£	£
Equity as at beginning of year	342,967	3,047,281	525,950	3,916,198
Changes				
Transfer of premium on own shares held	600	(600)	-	-
Total comprehensive income for the year	-	-	372,474	372,474
Changes total	600	(600)	372,474	372,474
Equity as at 31 December 2009	343,567	3,046,681	898,424	4,288,672

2010 Consolidated	**Share capital**	**Share premium**	**Retained earnings**	**Total**
	£	£	£	£
Equity as at beginning of year	**343,567**	**3,046,681**	**2,120,214**	**5,510,462**
Changes				
Total comprehensive income for the year	-	-	**513,774**	**513,774**
Dividends paid	-	-	**(172,085)**	**(172,085)**
Changes total	-	-	**341,689**	**341,689**
Equity as at 31 December 2010	**343,567**	**3,046,681**	**2,461,903**	**5,852,151**

2009 Consolidated	**Share capital**	**Share premium**	**Retained earnings**	**Total**
	£	£	£	£
Equity as at beginning of year	342,967	3,047,281	1,652,405	5,042,653
Changes				
Total of premium on own shares	600	(600)	-	-
Total comprehensive income for the year	-	-	467,809	467,809
Changes total	600	(600)	467,809	467,809
Equity as at 31 December 2009	343,567	3,046,681	2,120,214	5,510,462

The notes on pages 19 to 39 form part of these Financial Statements.

STATEMENT OF CASH FLOWS
As at 31 December 2010

	Note	Parent 2010 £	Parent 2009 £	Consolidated 2010 £	Consolidated 2009 £
Cash flows from operating activities:					
Operating cashflow	22	**488,875**	*(488,364)*	**1,901,751**	*3,906,525*
Finance costs	8	**(51,907)**	*(19,321)*	**(19,438)**	*(14,638)*
Finance income	7	**18,200**	*24,829*	**-**	*1,909*
Income tax paid		**-**	-	**(251,031)**	*(342,007)*
Net cash flows from/(used in) operating activities		**455,168**	(482,856)	**1,631,282**	3,551,789
Cash flows from investing activities:					
Acquisitions of tangible fixed assets	11	**-**	-	**(10,523,865)**	*(1,321,252)*
Disposal of fixed assets	11	**-**	-	**174,999**	-
Acquisitions of intangible fixed assets	12	**-**	-	**(148,346)**	*(507,351)*
Payments on acquisition of subsidiaries	13	**(2,204,557)**	*(250,002)*	**-**	-
Proceeds from dividends		**1,905,000**	*750,000*	**-**	-
Net cash flows from/(used in) investing activities		**(299,557)**	*499,998*	**(10,497,212)**	*(1,828,603)*
Cash flows from financing activities:					
Payments of dividends	21	**(172,085)**	-	**(172,085)**	-
Bank financing advanced	18	**-**	-	**7,790,425**	-
Net cash flows from/(used in) financing activities		**(172,085)**	-	**7,618,340**	-
Net increase/(decrease) in cash and cash equivalents		**(16,474)**	*17,142*	**(1,247,590)**	*1,723,186*
Cash and cash equivalents at beginning of year		**19,195**	*2,053*	**1,077,750**	*(645,436)*
Cash and cash equivalents at end of year		**2,721**	*19,195*	**(169,840)**	*1,077,750*

The notes on pages 19 to 39 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. ACCOUNTING POLICIES

a. General Information

Good Energy Group PLC is a company incorporated in the United Kingdom under the Companies Act.

The nature of the Group's operations and its principal activities are set out in the Directors' Report. The Company is listed on the PLUS Market in London. The Company's registered office is 2 Temple Back East, Temple Quay, Bristol, BS1 6EG and its principal place of business is Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE. The Company's registered number is 04000623.

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

b. Basis of preparation of Financial Statements

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of Financial Statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following accounting policy notes: Intangible assets (1.e.), Property, plant and equipment (1.f.), Current and deferred taxation (1.j.).

Adoption of new and revised accounting standards

The Group has adopted the following new and amended IFRSs as of 1 January 2010:

	Effective Date: accounting periods commencing on or after
IFRS 2 (revised June 2009): Share-based payment	1 January 2010
IFRS 3 (revised 2008): Business combinations	1 July 2009
IFRS 8 (revised April 2009): Operating segments	1 January 2010
IAS 7 (revised April 2009): Statement of Cash Flows	1 January 2010
IAS 17 (revised April 2009): Leases	1 January 2010
IAS 27 (revised 2008): Consolidated and Separate Financial statements	1 July 2009
IAS 28 (revised 2008): Investments in associates	1 July 2009
IAS 36 (revised April 2009): Impairment of assets	1 January 2010
IAS 38 (revised April 2009): Intangible Assets	1 July 2009
IAS 39 (revised March 2009): Financial instruments:	
Recognition and measurement	30 June 2009
IFRIC 17: Distributions of Non-Cash Assets to Owners	1 July 2009

The adoption of these standards and interpretations have had no material impact on the Financial Statements of Good Energy Group PLC, with relevant changes impacting on presentational aspects only.

1. ACCOUNTING POLICIES (continued)

b. Basis of preparation (continued)

Adoption of new and revised accounting standards

At the date of authorisation of these Financial Statements, the following standards and relevant interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective, and have not been early adopted by the Group:

	Effective Date: accounting periods commencing on or after
IFRS 3 (revised May 2010): Business combinations	1 July 2010
IFRS 7 (revised May 2010): Financial instruments	1 January 2011
IFRS 7 (revised October 2010): Financial instruments	1 July 2011
IFRS 9: Financial instruments - Classification and measurement	1 January 2013
IAS 1 (revised May 2010): Presentation of Financial Statements	1 January 2011
IAS 12 (revised December 2010): Income Taxes	1 January 2012
IAS 24 (revised November 2009): Related Party Disclosures	1 January 2011
IAS 27 (revised May 2010): Consolidated and Separate Financial Statements	1 July 2010
IAS 32 (revised 2009): Financial instruments: Presentation	1 February 2010
IAS 34 (revised May 2010): Interim Financial Reporting	1 January 2011
IFRIC 13: Customer loyalty programmes	1 January 2011

The adoption of these standards and interpretations are not expected to have a material impact on the Financial Statements of Good Energy Group PLC in the period they are applied.

c. Basis of Consolidation

The Group Financial Statements incorporate the Financial Statements of the Company and enterprises controlled by the Company (and its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The acquisition of subsidiaries is accounted for using the purchase method. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognised. For business combinations made after 1 July 2009, costs directly attributable to the business combination will not be included in the measurement of cost, but expensed in the income statement in line with IFRS 3 (revised).

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between Group enterprises are eliminated on Consolidation.

1. **ACCOUNTING POLICIES (continued)**

d. Revenue recognition

Revenue and profit before tax represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax, and excluding transactions with or between subsidiaries. All turnover and profit before tax arose within the United Kingdom.

Revenues from the sale of electricity and gas are recorded based upon output delivered at rates specified under contract terms or prevailing market rates as applicable.

Revenues from sales of ROCs are recorded at the invoiced value, net of VAT. Revenue is recognised when the risks and rewards of ownership have been substantially transferred to a third party.

Revenues from sales of online shop goods are recorded at the purchase transaction amount, net of VAT at the point of online sale.

e. Intangible assets and amortisation

Amortisation on fixed life intangible assets is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Licences	over 5 years
Website and software development costs	between 2 and 5 years

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that have an indefinite useful life, for example goodwill and Original Customer Development costs are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f. Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings & equipment	between 3 and 5 years
Re-powering costs	not depreciated while non-operational; when operational, costs moved to turbines & ancillaries
Leasehold improvements	over the life of the lease, until 2016
Turbines & ancillaries	24 years

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

g. Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Income as incurred.

h. Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. The assets of the schemes are held separately from those of the Group in an independently administered fund.

1. ACCOUNTING POLICIES (continued)

i. Inventories

Under the provisions of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of Renewable Obligation Certificates (ROCs) originally issued to generators, or by making payments to OFGEM who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy Limited supplies electricity sourced entirely from renewable generation, its percentage obligation to submit ROCs is set by OFGEM.

The accounting policy distinguishes between the cost of Good Energy Limited's' obligations within the regulatory regime, and the tactical disposition towards purchasing and holding ROCs. The cost obligation is recognised as it arises and charged to the Statement of Comprehensive Income account for the period to which the charge relates as a direct reduction of gross margin. Gains or losses on disposal of ROCs are included in the profit and loss account as and when they crystallise. The stock of ROCs carried forward is valued at the lower of cost and estimated realisable value.

Online shop merchandise is valued at the lower of cost and net realisable value.

j. Current and Deferred Taxation

The tax expense represents the sum of the tax currently payable and Deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1. ACCOUNTING POLICIES (continued)

j. Current and Deferred Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

k. Financial instruments and risk management

The Group uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial instruments recognised on the Group's Statement of Financial Position include investments, cash and cash equivalents, trade receivables, trade payables and borrowings.

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

i. Investments

(i) Subsidiary Undertakings:
Shares in Subsidiaries are valued at cost less provision for permanent impairment.

(ii) Other investments:
Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

ii. Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Net cash and cash equivalents at the end of the reporting period totalled £(169,840) (2009: £1,077,750).

iii. Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

iv. Trade and other payables
Trade and other payables are measured at fair value.

v. Equity Instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

vi. Liquidity risk
Liquidity risk is 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 has prepared forecasts for the forthcoming year which indicate that in the Directors' opinion it will have sufficient resources to fund the continuation of trade. Details of the Group's exposure to its liabilities, including a maturity analysis, is included in notes 18, 19 and 20.

1. ACCOUNTING POLICIES (continued)

vii. Interest rate risk

The financial risk is the risk to the Group's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. For short term bank overdraft facilities, the Group does not use derivative instruments to reduce its exposure to interest rate fluctuations. The Directors consider interest rate risk to be immaterial on this. For long term borrowings, the Group uses interest rate swaps to fix the interest rate payable on these material balances in order to mitigate the risk of any fluctuations in interest rates.

viii. Commodity price risk

The Group's operations results in exposure to fluctuations in energy prices. Management monitors energy prices and initiates instruments to manage exposure to these risks when it deems appropriate. Currently, the Group has not initiated any such instruments.

ix. Credit risk

The Group's exposure to credit risk arises from its receivables from customers. At 31 December 2010 and 2009, the Group's trade and other receivables were classed as due within one year, details of which are included in note 15. The Group's policy is to undertake credit checks on new commercial customers and to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the end of the reporting period the Directors have provided for specific doubtful debts and believe that there is no further credit risk.

x. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order, in due course, to provide returns to shareholders, and to maintain an optimal capital structure. The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital (equity plus net debt). The capital structure of the Group is as follows:

	2010	*2009*
	£	*£*
Bank overdraft (see note 20.)	**(169,840)**	-
Borrowings: current (see note 18.)	**(620,174)**	-
Borrowings: non-current (see note 18.)	**(7,170,251)**	-
Cash and cash equivalents	-	*1,077,750*
Net (debt)/funds	**(7,960,265)**	*1,077,750*
Total shareholders' equity	**5,852,151**	*5,510,462*

l. Borrowing costs

The Group expenses borrowing costs in the period the costs are incurred. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset. Details of the Group's borrowings are included in notes 18. and 20. During the year the Group capitalised all eligible borrowing costs of £69,957 (2009: £nil).

2. SEGMENTAL ANALYSIS

The chief operating decision-maker has been identified as the Board of Directors (the 'Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from a business class perspective, with each of the main trading subsidiaries accounting for each of the business classes.

The Board assesses the performance of the operating segments based primarily on summary Financial Statements, extracts of which are reproduced below.

An analysis of profit and loss, assets and liabilities and additions to non-current asset, by class of business, with a reconciliation of segmental analysis to reported results, is included below:

2. SEGMENTAL ANALYSIS (continued)

	Electricity Supply and online shop	Gas supply	Energy Generation	Holding Companies	Total
	£	£	£	£	£
Year ended 31 December 2010					
Revenue					
Revenue from external customers	17,868,232	2,077,532	90,504	-	20,036,268
Inter-segment revenue	60,000	-	400,699	-	460,699
Total revenue	**17,928,232**	**2,077,532**	**491,203**	**-**	**20,496,967**
Expenditure					
Cost of sales	(12,474,537)	(1,308,591)	(170,001)	-	(13,953,129)
Administrative expenses	(4,180,528)	(374,039)	(59,660)	(653,537)	(5,267,764)
Depreciation and amortisation	(333,513)	(78,933)	(138,668)	(182)	(551,296)
Operating profit/(loss)	**939,654**	**315,969**	**122,874**	**(653,719)**	**724,778**
Net financing (costs)/income	26,090	(2,609)	722	(43,641)	(19,438)
Income tax expense	(75,677)	(9,000)	(106,889)	-	(191,566)
Dividends (paid)/received	(850,000)	-	(1,505,126)	2,355,126	-
Net profit/(loss) for year	**40,067**	**304,360**	**(1,488,419)**	**1,657,766**	**513,774**

	Electricity Supply and online shop	Gas supply	Energy Generation	Holding Companies	Total
	£	£	£	£	£
Year ended 31 December 2010					
Segment assets and liabilities					
Segment assets	8,335,162	902,418	12,907,937	4,920,935	27,066,452
Segment liabilities	(5,770,541)	(369,200)	(10,673,339)	(586,960)	(17,400,040)
Net assets	**2,564,621**	**533,218**	**2,234,598**	**4,333,975**	**9,666,412**
Additions to non-current assets	**119,251**	**73,666**	**10,475,994**	**3,300**	**10,672,211**

The total of the individual segments' assets and liabilities when adjusted for group elimination items of £3,814,261 reconciles back to the consolidated net asset position on page 15.

2. SEGMENTAL ANALYSIS (continued)

Year ended 31 December 2009	Electricity Supply and online shop £	Gas supply £	Energy Generation £	Holding Companies £	Total £
Revenue					
Revenue from external customers	17,119,520	1,170,492	-	-	18,290,012
Inter-segment revenue	-	-	820,376	-	820,376
Total revenue	**17,119,520**	**1,170,492**	**820,376**	**-**	**19,110,388**
Description					
Cost of sales	(12,835,503)	(806,292)	(423,707)	-	(14,065,502)
Administrative expenses	(3,082,432)	(347,121)	(112,164)	(391,217)	(3,932,934)
Depreciation and amortisation	(240,917)	(29,032)	(166,667)	-	(436,616)
Operating profit/(loss)	**960,668**	**(11,953)**	**117,838**	**(391,217)**	**675,336**
Net financing (costs)/income	(7,001)	(12,867)	7,008	131	(12,729)
Income tax expense	(171,643)	-	(23,155)	-	(194,798)
Dividends (paid)/received	(750,000)	-	(15,000)	765,000	-
Net profit/(loss) for year	**32,024**	**(24,820)**	**86,691**	**373,914**	**467,809**

Year ended 31 December 2009	Electricity Supply and online shop £	Gas supply £	Energy Generation £	Holding Companies £	Total £
Segment assets and liabilities					
Segment assets	7,325,529	695,009	3,082,602	5,971,087	17,074,227
Segment liabilities	(4,800,975)	(466,151)	(1,490,418)	(1,671,510)	(8,429,054)
Subtotal	**2,524,554**	**228,858**	**1,592,184**	**4,299,577**	**8,645,173**
Additions to non-current assets	**586,648**	**52,020**	**1,189,934**	**-**	**1,828,602**

The total of the individual segments' assets and liabilities when adjusted for group elimination items of £3,134,711 reconciles back to the consolidated net asset position on page 15.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT AND ADMINISTRATIVE EXPENSES

	2010	2009
	£	£
The Operating Profit is stated after charging:		
Depreciation and impairment charges	**257,810**	264,613
Amortisation of intangible assets	**293,486**	172,002
Operating lease rentals	**171,647**	172,545
Auditors' Remuneration		
Audit fees	**47,000**	32,150
All other services	**24,500**	30,740

Auditors fees for the Parent Company were £6,250 (2009: £5,000).

The Administrative Expenses comprise the following:	2010	2009
	£	£
Staff costs	**2,829,259**	2,082,772
Rent and office costs	**739,314**	709,195
Marketing costs	**400,792**	320,909
Professional fees and bank charges	**649,372**	326,496
Bad debts	**642,433**	493,562
Depreciation and amortisation	**551,296**	436,616
Gain on disposal of asset	**(53,406)**	-
	5,759,060	4,369,550

4. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these Financial Statements. The Parent Company's profit for the financial year was £214,620 (2009 : £372,474).

5. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2010	2009
	£	£
Wages and salaries	**2,466,915**	1,780,252
Social security costs	**230,235**	183,069
Other pension costs	**132,109**	119,451
Total	**2,829,259**	2,082,772

Staff costs relate to the Parent Company and its Subsidiary companies. The average monthly number of employees, including the Directors, during the year was 82 (2009: 70).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

6. DIRECTORS' REMUNERATION

	2010	2009
	£	£
Aggregate emoluments	**326,990**	*327,570*
Contributions to money purchase pension schemes	**14,043**	*22,082*

During the year retirement benefits were accruing to 2 Directors (2009: 2) in respect of money purchase pension schemes.

During the year compensation for loss of office to a former Director of £61,930 (2009: £nil) was paid by the Company.

In respect of the highest paid Director, the Group paid remuneration of £133,590 (2009: £131,354), and made contributions to the money purchase pension scheme of £11,450 (2009: £11,939).

Individual remuneration for the Directors is set by the remuneration committee of the Board. Keyman insurance policies are in place.

7. FINANCE INCOME

	2010	2009
	£	£
Bank and other interest receivable	-	*1,909*
Total	-	*1,909*

8. FINANCE COSTS

	2010	2009
	£	£
On bank loans and overdrafts	**16,889**	*10,185*
Other interest payable	**2,549**	*4,453*
Total	**19,438**	*14,638*

9. TAXATION

	2010	2009
	£	£
Analysis of tax charge in year		
Current tax (see note below)		
UK Corporation Tax on profits for the year	186,958	229,630
Adjustments in respect of prior periods	(37,154)	12,013
Total current tax	149,804	241,643
Deferred tax		
Current year charge/(credit)	19,582	(46,845)
Adjustments in respect of prior periods	22,180	-
Total deferred tax (see note 17)	41,762	(46,845)
Tax on profit on ordinary activities	191,566	194,798

Factors affecting the tax charge for the year

The tax assessed for the year is different to the weighted average rate of Corporation Tax in the UK of 28% (2009: 28%). The differences are explained below:

	2010	2009
	£	£
Profit on ordinary activities before tax	705,340	662,607
Profit on ordinary activities multiplied by the weighted average rate of Corporation Tax in the UK of 28% (2009: 28%)	197,495	185,530
Effects of:		
Expenses not deductible for tax purposes	792	2,006
Effects of changes in tax rate	(1,646)	-
Losses carried forward/(utilised)	14,879	-
Small company tax relief	(4,857)	162
Prior year adjustment - current tax	(37,154)	12,013
Prior year adjustment - deferred tax	22,180	-
Deferred tax movements not recognised	(123)	(4,913)
Total tax charge for year (see note above)	191,566	194,798

The weighted average applicable tax was 28% (2009: 28%), which reflects the applicable UK Corporation Tax rate. The deferred tax liability has been recorded at the UK Corporation Tax rate at which it is expected to be recovered/settled.

Factors that may affect future tax charges

The Budget announcement by the Chancellor of the Exchequer on 23 March 2011 (the 'March 2011 Budget') included changes to the main rates of tax for UK companies, which were substantively enacted on 29 March 2011. The announcement included legislation to reduce the main rate of corporation tax from 28 per cent to 26 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014.

9. TAXATION (continued)

The proposed reductions of the main rate of corporation tax by 1 per cent per year to 23 per cent by 1 April 2014 are expected to be enacted separately each year.

Corporation tax payable as per Statement of Financial Position

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
UK Corporation Tax on profits for the year	**-**	-	**64,673**	*165,900*
Total	**-**	-	**64,673**	*165,900*

10. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per share at 31 December 2010 was based on the net profit attributable to ordinary shareholders of £513,774 (2009: £467,809) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2010 of 6,871,337 (2009: 6,871,337) after excluding the shares owned by Clarke Willmott Trust Corporation Limited in trust of the Good Energy Group Employee Share Option Scheme.

The calculation of diluted earnings per share at 31 December 2010 was based on the net profit attributable to ordinary shareholders of £513,774 (2009: £467,809) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2010 of 7,816,767 (2009: 7,816,767), calculated as follows:

	Consolidated	
	2010	*2009*
	No	*No*
Basic weighted average number of ordinary shares	**6,871,337**	*6,871,337*
Dilutive potential Ordinary Shares: Shares held by Willmott Trust Corporation Limited	**945,430**	*945,430*
Weighted average number of Ordinary Shares (diluted)	**7,816,767**	*7,816,767*

As at 31 December 2010, if all live share options were exercised then the fully diluted issued share capital would be 8,367,737 (2009: 8,167,737).

11. PROPERTY, PLANT AND EQUIPMENT

31 December 2010	Leasehold improvements £	Furniture, fittings & equipment £	Turbines & ancillaries £	Re-powering costs £	Total £
Cost					
Opening balance	79,495	462,894	3,182,110	1,501,100	5,225,599
Additions	8,000	39,871	-	10,475,994	10,523,865
Disposals	-	-	(3,182,110)	-	(3,182,110)
Transfers	-	-	11,977,094	(11,977,094)	-
At 31 December 2010	87,495	502,765	11,977,094	-	12,567,354
Depreciation					
Opening balance	(24,147)	(259,779)	(2,890,444)	-	(3,174,370)
Disposals	-	-	3,007,111	-	3,007,111
Depreciation	(20,275)	(98,868)	(138,667)	-	(257,810)
At 31 December 2010	(44,422)	(358,647)	(22,000)	-	(425,069)
Carrying amount					
At 01 January 2010	55,348	203,115	291,666	1,501,100	2,051,229
At 31 December 2010	43,073	144,118	11,955,094	-	12,142,285

31 December 2009	*Leasehold improvements £*	*Furniture, fittings & equipment £*	*Turbines & ancillaries £*	*Re-powering costs £*	*Total £*
Cost					
Opening balance	*60,852*	*350,219*	*3,182,110*	*311,166*	*3,904,347*
Additions	*18,643*	*112,675*	*-*	*1,189,934*	*1,321,252*
At 31 December 2009	*79,495*	*462,894*	*3,182,110*	*1,501,100*	*5,225,599*
Depreciation					
Opening balance	*(10,779)*	*(175,201)*	*(2,723,777)*	*-*	*(2,909,757)*
Depreciation	*(13,368)*	*(84,578)*	*(166,667)*	*-*	*(264,613)*
At 31 December 2009	*(24,147)*	*(259,779)*	*(2,890,444)*	*-*	*(3,174,370)*
Carrying amount					
At 01 January 2009	*50,073*	*175,018*	*458,333*	*311,166*	*994,590*
At 31 December 2009	*55,348*	*203,115*	*291,666*	*1,501,100*	*2,051,229*

The assets of the Company's subsidiary, Good Energy Delabole Wind Farm Limited, have been pledged as security against its bank loan liability.

12. INTANGIBLE ASSETS

31 December 2010	Original customer development £	Licences £	Website development costs £	Goodwill and other intangibles £	Total £
Cost					
Opening balance	600,000	894,376	123,306	846,453	2,464,135
Additions	-	148,346	-	-	148,346
At 31 December 2010	600,000	1,042,722	123,306	846,453	2,612,481
Amortisation					
Opening balance	-	(218,804)	(33,738)	-	(252,542)
Amortisation	-	(268,825)	(24,661)	-	(293,486)
At 31 December 2010	-	(487,629)	(58,399)	-	(546,028)
Carrying amount					
At 01 January 2010	600,000	675,572	89,568	846,453	2,211,593
At 31 December 2010	600,000	555,093	64,907	846,453	2,066,453

12. INTANGIBLE ASSETS (continued)

31 December 2009	*Original customer development* £	*Licences* £	*Website development costs* £	*Goodwill and other intangibles* £	*Total* £
Cost					
Opening balance	600,000	387,025	123,306	846,453	1,956,784
Additions	-	507,351	-	-	507,351
At 31 December 2009	600,000	894,376	123,306	846,453	2,464,135
Amortisation					
Opening balance	-	(71,463)	(9,077)	-	(80,540)
Amortisation	-	(147,341)	(24,661)	-	(172,002)
At 31 December 2009	-	(218,804)	(33,738)	-	(252,542)
Carrying amount					
At 01 January 2009	600,000	315,562	114,229	846,453	1,876,244
At 31 December 2009	600,000	675,572	89,568	846,453	2,211,593

Goodwill and other intangibles comprise £460,996 arising from the original acquisition of Good Energy Limited, and £385,457 from the original acquisition of the Group's generation business and which represents an enduring permission to operate a windfarm on the site and the avoided future cost of connecting successive turbines on the site to the electricity grid.

An impairment review is undertaken annually or more frequently using cash flow forecasts discounted at appropriate rates.

The result of this review was that no impairment is required in respect of the carrying values of Goodwill, Original Customer Development and indefinite life Licences.

13. INVESTMENTS

	Parent Company		
	Shares in Group undertakings	Loans to Group undertakings	Unlisted Investments
	£	£	£
At cost, opening balance	3,668,437	1,798,449	5,466,886
Investments	2,204,557	-	2,204,557
Repayments	-	(1,582,733)	(1,582,733)
Impairments	(1,227,100)	-	(1,227,100)
Total	4,645,894	215,716	4,861,610

The impairment of the Parent Company's investment in shares in Group undertakings relates to its investments in Good Energy Generation Limited and Windelectric Limited. This is an accounting adjustment required to reflect the fair value of the investments at the year-end following the transfer of Windelectric Limited's business to Good Energy Delabole Windfarm Limited, a fellow subsidiary, during the year.

	Consolidated Unlisted Investments
	£
At cost, opening balance	11,258
Total	11,258

Significant subsidiaries for Group and Parent

The principal activities of the subsidiaries are as follows:

Good Energy Limited (100% owned):	supply of electricity from renewable energy sources
Good Energy Generation Limited (100% owned):	holding company of Windelectric Limited and an investor in Bro Dyfi Community Renewables Limited
Good Energy Shop Limited (100% owned):	retail of energy efficient products
Good Energy Gas Limited (100% owned):	supply of gas,
Good Energy Delabole Wind Farm Limited (100% owned):	generation of electric power by wind turbine machinery
Windelectric Limited (100% owned):	former generator of electric power by wind turbine machinery

14. INVENTORIES

	Parent Company		Consolidated	
	2010	2009	2010	2009
	£	£	£	£
Online shop merchandise	-	-	4,431	4,540
Renewable Obligation Certificates	-	-	3,060,163	2,316,934
Total	-	-	3,064,594	2,321,474

As at 31 December 2010 there were Renewable Obligation Certificates (ROCs) of £798,685 (2009: £1,766,430) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not available to be sold before the end of the reporting period.

15 TRADE AND OTHER RECEIVABLES

	Parent Company		Consolidated	
	2010	2009	2010	2009
	£	£	£	£
Trade receivables	-	-	3,250,135	2,617,477
Prepayments	6,965	120,594	261,242	313,142
VAT recoverable	1,374	3,169	592,268	121,408
Interest from Group companies	1,282	110,768	-	-
Other receivables	-	-	-	171,754
Total	9,621	234,531	4,103,645	3,223,781

Included in other receivables (Consolidated) is an amount of £nil (2009: £171,754) relating to security deposits that are required to be held with the Group's suppliers and distributors.

16. SHARE CAPITAL

			Parent Company and Group	
			2010	2009
			£	£
Authorised				
20,000,000 Ordinary Shares of 5p each			1,000,000	1,000,000
Allotted, called up and fully paid	2010	2009	2010	2009
	No	No	£	£
Ordinary Shares of 5p each				
Total shares issued	7,816,767	7,816,767	390,838	390,838
Sub total	7,816,767	7,816,767	390,838	390,838
Adjustment for own shares held				
Own shares held brought forward	(945,430)	(945,430)	(47,271)	(47,871)
Own shares acquired in year	-	-	-	-
Transfer of premium in own shares held	-	-	-	600
Total own shares held	(945,430)	(945,430)	(47,271)	(47,271)
Total	6,871,337	6,871,337	343,567	343,567

Classified as own shares held in the above table are shares held by Clarke Willmott Trust Corporation Limited in trust for the present and the future beneficiaries of the Good Energy Group Employee Share Option Scheme.

17. DEFERRED TAXATION

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
At 1 January	**-**	-	**73,727**	*120,572*
Charged/(credited) to the income statement	**-**	-	**41,762**	*(46,845)*
At 31 December	**-**	-	**115,489**	*73,727*

The provision for Deferred Taxation is made up as follows:

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
On accelerated capital allowances	**-**	-	**119,363**	*73,727*
On short term timing differences	**-**	-	**(3,874)**	-
Total	**-**	-	**115,489**	*73,727*

The Company has unutilised capital losses of £130,822 (2009: £127,332) and unutilised management charges of £7,700 (2009: £19,261) resulting in a deferred tax asset which has not been recognised in the Financial Statements. In addition, Good Energy Delabole Windfarm Limited, a subsidiary company, has unutilised losses of £53,139 (2009: £nil). The Directors can not assess with sufficient certainty that the deferred tax asset thereon of £51,748 (2009: £41,046) will be recoverable in the foreseeable future following the recovery of the other timing differences or capital gains and therefore no tax credit arises in respect of the current period and preceding year's losses.

18. BORROWINGS AND OTHER FINANCIAL LIABILITIES

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Current:				
Bank loan	**-**	-	**620,174**	-

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Non-current:				
Bank loan	-	-	**7,170,251**	-
Loans from Group companies	**409,660**	*1,238,130*	**-**	-
Total	**409,660**	*1,238,130*	**7,170,251**	-

The bank loan relates to the Company's subsidiary, Good Energy Delabole Wind Farm Limited, and is secured by a mortgage debenture on that Company dated 16 January 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary. The facility will be repaid from future cashflows arising from Good Energy Delabole Windfarm Limited.

At the balance sheet date, interest is payable at LIBOR + 2.75%. On 7th January 2011 the loan balance was rolled up in to a Term Loan facility repayable over 15 years with capital and interest payments scheduled biannually. Interest payable is fixed at 7.65% or 7.15% dependent on the balances held in reserve accounts during each repayment period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

18. BORROWINGS AND OTHER FINANCIAL LIABILITIES (continued)

	2010	2009
	£	£
The loan is repayable as follows:		
Due less than 1 year	620,174	-
Due between 1 and 5 years	1,245,595	-
Due more than 5 years	5,924,656	-
Total	7,790,425	-

19. TRADE AND OTHER PAYABLES

	Parent Company		Consolidated	
	2010	2009	2010	2009
	£	£	£	£
Trade payables	9,255	4,468	1,801,115	1,435,746
Accruals and deferred income	44,500	32,402	4,837,841	2,730,803
Interest payable to Group companies	79,330	156,940	-	-
Social security and other taxes	-	-	63,493	62,505
Other payables	-	-	693,208	917,942
Total	133,085	193,810	7,395,657	5,146,996

20. BANK OVERDRAFT

	Parent Company		Consolidated	
	2010	2009	2010	2009
	£	£	£	£
Bank overdraft	-	-	169,840	-
Total	-	-	169,840	-

The bank overdraft relates to the Company's subsidiary, Good Energy Limited, and is secured by an unscheduled mortgage debenture on that Company dated 14 December 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary. The Group's policy is to show the aggregate amount of debit and credit cash balances when the accounts are overdrawn, as the bank considers this position when calculating interest thereon.

21. DIVIDENDS

Amounts recognised as distributions to shareholders in the year (based on the number of shares in issue at the record date):	2010 £	*2009 £*
Equity dividends paid of 2.5p per share	**172,085**	-

22. CASH FLOWS

Reconciliation of net income to net cash provided by operating activities:

	Parent Company		Consolidated	
	2010 £	*2009 £*	**2010 £**	*2009 £*
Operating (loss)/profit	**(429,573)**	*(383,033)*	**724,778**	*675,336*
Adjustment:				
Depreciation	**-**	-	**257,810**	*264,614*
Amortisation	**-**	-	**293,486**	*172,002*
(Increase)/decrease in inventories	**-**	-	**(743,120)**	*(14,369)*
(Increase)/decrease in trade and other receivables	**115,424**	*(119,653)*	**(879,865)**	*1,772,234*
(Decrease)/increase in trade and other payables	**16,883**	*(69,193)*	**2,248,662**	*1,036,708*
(Increase)/decrease in loans between group companies	**786,141**	*83,515*	-	-
Net cash (outflow)/inflow from operations	**488,875**	*(488,364)*	**1,901,751**	*3,906,525*

The parent company's operating loss is shown before charging £1,227,100 impairment in the investment in Good Energy Generation Limited and Windelectric Limited, as detailed in note 13 and before income from intercompany dividends of £1,905,000 as shown on the Statement of Cash flows on page 18. Both of these transactions are eliminated on consolidation.

23. SHARE BASED PAYMENTS

In order to retain the services of key employees and to incentivise their performance, the Parent Company operates the Good Energy Employee Share Option Scheme under which certain employees of the Group are granted options to acquire Ordinary 5p Shares at future dates. No costs were recognised in the Consolidated Statement of Comprehensive Income in respect of these options. As at 31 December 2010, the following options had been issued:

	Number of options		Weighted Average Exercise Value	
	2010	*2009*	**2010 £**	*2009 £*
Outstanding at the beginning of the year	**1,296,400**	*1,372,000*	**897,300**	*904,000*
Granted	**200,000**	*200,000*	**200,000**	*200,000*
Lapsed	**-**	*(275,600)*	**-**	*(206,700)*
Total	**1,496,400**	*1,296,400*	**1097,300**	*897,300*

In order to avoid the potentially dilutive effect which otherwise could arise if these options were exercised in full, 945,430 (2009: 945,430) shares representing approximately 63% (2009: 73%) of the options outstanding have already been issued and held by Clarke Wilmot Trust Corporation Limited as the Trustee for the Scheme. These shares are not entitled to Dividends.

Since the end of the reporting period no share options have been granted and no share options have lapsed.

24. PENSIONS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £132,109 (2009: £119,451).

Contributions totaling £17,825 (2009: £14,348) were payable to the fund at the end of the reporting period and are included in other payables.

The Group has no further pension liability either realised or contingent and in line with the Group's environmental position all employer contributions are invested within a suitable fund.

25. OPERATING LEASE COMMITMENTS

Rentals payable over the life of non-cancellable operating leases are as follows:

	Parent Company		Consolidated	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Leases as lessee				
Less than one year	**-**	-	**150,009**	*172,545*
Between one and five years	**-**	-	**600,036**	*690,180*
More than five years	**-**	-	**25,002**	*212,420*
Total	**-**	-	**775,047**	*1,075,145*

Details of commitments under variable term operating leases are contained in note 26.

26. TRANSACTIONS WITH DIRECTORS

The Company's Subsidiary undertakings, including the name and proportion of ownership interest for each, are disclosed in note 13. Transactions between Subsidiaries and between the Company and its Subsidiaries are eliminated on consolidation. During the year the Company had investment transactions with its Subsidiaries. Interest is charged on these loans at 2.5% above base rate. Details of amounts outstanding and received during the year are contained in notes 15, 18 and 19.

Windelectric Limited, a Subsidiary company, has entered into an agreement with Windelectric Management Limited, a company in which Martin Edwards has a controlling interest, to provide services in connection with the operation and management of Delabole Wind Farm. The amount payable under this agreement during the current year was £145,131 (2009: £398,120), made at arms-length. Of these figures the amount outstanding and included in trade and other payables at the end of the reporting period was £nil (2009: £35,042). This agreement was cancelled in the year.

In January 2010 Good Energy Delabole Wind Farm Limited, a Subsidiary company, entered into an agreement with Windelectric Management Limited, a company in which Martin Edwards has a controlling interest, to provide site management for the new windfarm at Delabole. The amount payable each year is £75,000 index linked. During the year Windelectric Management Limited charged £3,082 (2009: £nil) for maintenance costs.

Windelectric Limited has entered into a 25 year lease agreement dated 16 August 1991 with Martin Edwards and other parties, in respect of the land which some of the turbines occupy. The amount paid under the agreement during the current year was £40,161 (2009: £22,356), made at arms-length. Of these figures the amount outstanding and included in other payables at the end of the reporting period was £nil (2009: £6,667). The lease was cancelled on 9th November 2010.

In January 2010 Good Energy Delabole Wind Farm Limited entered into a 25 year lease with Martin Edwards and other parties, in respect of the land which some of the new turbines will occupy. For the first 10 years of operation the rent will be the higher of an annual base rent of £50,240 and 3.25% of gross income from the windfarm and from the 10th anniversary onwards it will be 4.5% of gross income from the windfarm. The rent charged during the period was £7,157 (2009: £nil). Of these figures, no amounts were outstanding at the end of the reporting period (2009: £nil).

2010 saw us complete the redevelopment our wind farm in Delabole, North Cornwall, doubling its capacity. This is just the first in a pipeline of wind farm developments. We're planning to add 50MW over the next five years – enough wind energy to power a city about the size of Cambridge.

www.goodenergygroup.co.uk

Good Energy Group PLC
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