Robin Hood Energy Limited

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 08053212

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Company Information

Directors	S P Battlemuch N N Khan C M Barnard P Kotsonis (appointed 15 July 2019) L O'Grady (appointed 15 July 2019) A M Wynter (appointed 19 February 2020)
Registered number	08053212
Registered office	Loxley House Station Street Nottingham NG2 3NG
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Robin Hood Energy Limited

Contents

Robin Hood Energy Limited

Strategic Report
For the Year Ended 31 March 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2019.

Principal activity

The company's principal activity is the supply of gas and electricity for residential and commercial customers.

Business review

Four years from its launch by Nottingham City Council, Robin Hood Energy has continued to embed its presence as a household name in both domestic and commercial energy supply focused on fuel poverty and vulnerability. The business also has a number of public sector white label partners where it provides gas and electricity to residential customers within a number of local authority regions under regionally focused brands.

In 2018-19, The Company made several inroads into the highly competitive market of Business Energy, increasing revenue from sales to business customers. This included successful tendering for electricity supply to the Nottingham Express Transit (NET) Tram Services in Nottingham from 1st April 2019.

In 2018/19, Robin Hood Energy's turnover was £97.9m (2017/18 - £69.0m (as restated)) and supplied 220,000 Meter Points. During this period the energy retail market experienced a difficult period with wholesale energy prices hitting a 5-year high, the introduction of price caps and the high cost of market participation which impacted a large number of energy suppliers. Robin Hood Energy was adversely impacted by these market conditions with the Company posting a loss for 2018/19 of £23.1m for the period (2017/18 - loss of £1.6m (as restated)).As a result of the losses net liabilities increased to £28,025,000 (2018 - £4,950,000). Cash balances have increased by £1,192,000 to £3,706,000 (2018 - £2,516,000).

Basis of preparation of financial statements

The directors have carried out a detailed review to determine whether preparation of financial statements on a going concern basis remains appropriate. The directors' view of the company takes into account budgets and cashflow forecasts up to 31st March 2021. Based on the assumption of continued support from its parent organisation, Nottingham City Council who have confirmed they will make available a £12.5m loan facility and in line with company budgets for the year ending 31 March 2021, the directors consider that The Company has adequate resources to continue to meet its obligations as they fall due. The financial statements have therefore been prepared on a going concern basis.

In making the going concern assessment, the directors note the existence of material uncertainties detailed in Note 2.2. Firstly the £12.5m facility for its parent organisation is not a formal binding facility agreement but the directors have based their going concern assessment that this facility will be made available over the going concern period. Secondly the directors acknowledge there are unprecedented levels of uncertainty of outcomes related to the impact of Covid-19. These factors indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern.

Principal risks

The principal risks and uncertainties are:

- **Commodity volume and price changes:**
  The Company is exposed to volatility in commodity market prices. It has recently established a dedicated Trading and Pricing Team and developed a hedging strategy to match forward energy purchases with committed and forecast demand, with particular regard to the methodology used in the standard variable tariff price cap mechanism.

- **Managing The Company's liquidity position:**
  Robin Hood Energy's operating cycle features significant seasonality in its cash flows. To manage this successfully Robin Hood Energy has two financial models:

  - A rolling daily 12 week cash flow
  - Forecast monthly model of P&L, Balance sheet and cash flow

  In addition, the Company benefits from the continued support from its parent company Nottingham City Council who are providing a £12.5m facility which provides security in the company's ability to manage cashflows over the next 12 months.

- **Competition**
  The UK energy supply market continues to be highly competitive with the number of energy suppliers having grown significantly from 46 in 2016 (Q1) to 62 in 2018 (Q4) despite 10 suppliers exiting the market in 2018. (Source: OFGEM data, April 2019). Furthermore, increase in public awareness has created greater customer mobility, requiring suppliers to focus not only on price but also customer service to both attract and retain customers.

  Robin Hood Energy monitors all the different channels to market, associated cost structures and actions of competitors.

- **Legislative and regulatory changes**
  The Company's operations are subject to regulatory requirements, particularly in relation to the way it serves customers, the products and services it sells, its advertising, marketing and sales practices, its employment, and environmental issues. Changes to laws and regulations and their enforcement may impact on The Company's business in terms of costs, changes to business practices, and restrictions on activities. The regulatory framework within The Company's market continues to be fast changing and requires significant management attention and resources to ensure compliance.

  The company has a regulatory and compliance department, which monitors legal and regulatory requirements to ensure appropriate systems changes and training is provided and all necessary modifications to trading practices and policies are made. Reviews are conducted to ensure continual compliance with the increasing number of legal and regulatory requirements.

  In addition, the company's operations are subject worldwide events like other businesses in the UK. Covid-19 is currently a clear and present issue for all businesses including Robin Hood Energy Limited. The company is managing this risk through twice daily management meetings focusing on how the company continues to supply goods and services to its customers, support vulnerable customers through this period as well as supporting all Robin Hood Energy staff.

Financial key performance indicators

The directors have numerous key financial performance indicators that are reviewed on a regular basis. These can be seen in the financial statements and are used to operationally run the business.

		2019	2018 (as restated)
Meter Points	Number	220,473	167,945
Revenue	£'000	97,918	69,057
Gross (loss)/profit	%	(10.5)	5.5

Employee Involvement

The company actively encourages employee involvement and has recently, in conjunction with trade unions, launched an Employee Engagement Forum. The company holds regular briefings where the latest information is shared including financial and operational factors that affect The Company's performance.

All staff are remunerated above The Living Wage, calculated to the true cost of living in the UK. Also, The Company, and staff in their individual capacities, donate money to a variety of community projects such as making contributions to food banks to mark Fuel Poverty Awareness Day (15th February 2019).

The Company is embedding a social value metric within its operation, with estimates showing that since inception to the submission of these accounts, Robin Hood Energy has contributed a social value of £9.4m to the City of Nottingham

Future developments

There are no significant future developments affecting the company.

This report was approved by the board and signed on its behalf.

N. Kh

N N Khan
Director

Date: 24 March 2020

Directors' Report
For the Year Ended 31 March 2019

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

Results and dividends

The loss for the year, after taxation, amounted to £23,053,000 (2018 - loss of £1,637,000).

The directors do not recommend the payment of a dividend (2018 - £Nil).

Directors

The directors who served during the year and up to the date of this report were:

D Liversidge (resigned 20 July 2018)
S P Battlemuch
N N Khan
J N Collins (resigned 3 December 2018)
G Scholes (resigned 16 December 2019)
A D Springall (resigned 24 June 2019)
R S Bain (resigned 16 December 2019)
P J C Levermore (resigned 15 July 2019)
C M Barnard (appointed 20 July 2018)
N A Raine (appointed 21 January 2019, resigned 15 July 2019)
P Kotsonis (appointed 15 July 2019)
L O'Grady (appointed 15 July 2019)
A M Wynter (appointed 19 February 2020)

Qualifying third party indemnity provisions

Throughout the year and up to the date of this report the company maintained qualifying third party indemnity insurance for the directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

Since 31March 2019, the company has continued to be supported by its parent Nottingham City Council. In October 2019, the company borrowed £9.4m to support the payments of its ROCs liability and an additional £2.7m in February 2020 to assist cashflows through the end of winter.

This report was approved by the board and signed on its behalf.

N N Khan
Director

Date: 24 March 2020

Directors' Responsibilities Statement
For the Year Ended 31 March 2019

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Robin Hood Energy Limited

Opinion
We have audited the financial statements of Robin Hood Energy Limited ("the company") for the year ended 31 March 2019 which comprise the statement of comprehensive income,, the statement of financial position, and the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 2.2 to the financial statements, which indicates that the company is dependent upon the ongoing financial support of its parent undertaking, Nottingham City Council, via a facility of £12.5m and not seeking repayment of loans advanced to the company in order to continue in operational existence for the foreseeable future. Although the directors have received confirmation of this facility and the non- repayment of loans from the parent company, it is not legally binding and there is no certainty that funding will be made available if and when required. In addition, note 2.2 refers to the potential impact of Covid-19 on the going concern of the company.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the statement of directors responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

BDO LLP

Laurie Hannant (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
United Kingdom

24 March 2020
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the Year Ended 31 March 2019

	Note	2019 £000	Restated 2018 £000
Turnover	4	**97,946**	69,029
Cost of sales		**(107,936)**	(65,256)
Gross (loss)/profit		**(9,990)**	3,773
Administrative expenses		**(10,818)**	(4,954)
Operating loss	5	**(20,808)**	(1,181)
Interest receivable and similar income	8	**17**	5
Interest payable and expenses	9	**(1,694)**	(883)
Loss before tax		**(22,485)**	(2,059)
Tax on loss	10	**(568)**	422
Loss for the financial year		**(23,053)**	(1,637)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes		**(22)**	351
Movements of deferred tax relating to pension surplus/(deficit)		**-**	(44)
		(22)	307
Total comprehensive income for the year		**(23,075)**	(1,330)

The notes on pages 14 to 41 form part of these financial statements.

Robin Hood Energy Limited
Registered number:08053212

Statement of Financial Position
As at 31 March 2019

	Note	2019 £000	2019 £000	Restated 2018 £000	Restated 2018 £000
Fixed assets					
Intangible assets	11		2,746		2,011
Tangible assets	12		634		414
			3,380		2,425
Current assets					
Debtors: amounts falling due after more than one year	13	-		568	
Debtors: amounts falling due within one year	13	28,803		20,595	
Cash at bank and in hand	14	3,708		2,516	
		32,511		23,679	
Creditors: amounts falling due within one year	15	(49,034)		(18,690)	
Net current (liabilities)/assets			(16,523)		4,989
Total assets less current liabilities			(13,143)		7,414
Creditors: amounts falling due after more than one year	16		(12,596)		(10,828)
Pension liability	18		(2,286)		(1,536)
Net liabilities			(28,025)		(4,950)
Capital and reserves					
Called up share capital	21		7,500		7,500
Profit and loss account	22		(35,525)		(12,450)
			(28,025)		(4,950)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 March 2020.

N N Khan
Director

The notes on pages 14 to 41 form part of these financial statements.

Robin Hood Energy Limited

Statement of Changes in Equity
For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2018 (as previously stated)	7,500	(9,904)	(2,404)
Prior year adjustment (note 24)	-	(2,546)	(2,546)
At 1 April 2018 (as restated)	7,500	(12,450)	(4,950)
Comprehensive income for the year			
Loss for the year	-	(23,053)	(23,053)
Actuarial losses on pension scheme	-	(22)	(22)
Other comprehensive income for the year	-	(22)	(22)
Total comprehensive income for the year	-	(23,075)	(23,075)
At 31 March 2019	7,500	(35,525)	(28,025)

The notes on pages 14 to 41 form part of these financial statements.

Robin Hood Energy Limited

Statement of Changes in Equity
For the Year Ended 31 March 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2017 (as previously stated)	-	(10,164)	(10,164)
Prior year adjustment (note 24)	-	(956)	(956)
At 1 April 2017 (as restated)	-	(11,120)	(11,120)
Comprehensive income for the year			
Loss for the year - As previously reported - profit of £202,000; prior period adjustments (see note 24) - £1,839,000 - as restated	-	(1,637)	(1,637)
Actuarial gains on pension scheme	-	351	351
Deferred tax movements	-	(44)	(44)
Other comprehensive income for the year	-	307	307
Total comprehensive income for the year	-	(1,330)	(1,330)
Shares issued during the year	7,500	-	7,500
Total transactions with owners	7,500	-	7,500
At 31 March 2018	7,500	(12,450)	(4,950)

The notes on pages 14 to 41 form part of these financial statements.

1. General information

Robin Hood Energy Limited is a company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the company information page and the nature of the company's operations and its principal activity is set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The presentation currency used is sterling.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company is dependent on the continued financial support of its parent company, Nottingham City Council, in being able to operate and pay its liabilities, for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period). The company's parent company have confirmed in writing to the directors that they will provide a £12.5m facility to the company when it is required and will not seek repayment of existing loans during the going concern assessment period.

The directors have prepared cash flow forecasts for a 12 month period ending March 2021 that demonstrates the company will be able to operate and pay its liabilities during this period within the £12.5m facility and existing loans as provided by their parent company. These cash flows have been prepared on the basis that the parent company will not seek repayment of existing loans during this period and will make funding available under the facility as it is required by the company.

However, the directors acknowledge that the parent company £12.5m facility is not a formal, legally binding agreement and therefore represents a risk that the required funding may not be made available.

In addition, the directors acknowledge there are unprecedented levels of uncertainty of outcomes related to the impact of Covid-19 on all businesses including the company. Whilst demand for energy is expected to continue, there is an increase in the risks on the operations and cashflows of the business during this unprecedented time.

However the directors consider that the financial support from the parent company will be forthcoming and the potential impact of Covid-19 is covered by the contingencies in the forecasts. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

These factors indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern.

The financial statements do not include these adjustments that would be necessary if the company was unable to continue as a going concern.

2. Accounting policies (continued)

2.3 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The information is included in the consolidated financial statements of Nottingham City Council as at 31 March 2019 and consolidated accounts are available from Nottingham City Council at Loxley House, Nottingham, NG2 3NG, or via their website at www.nottinghamcity.gov.uk.

2.4 Impact of new international reporting standards, amendments and interpretations

During the year the company adopted the requirements of IFRS15 ("Revenue from contracts with customers) and IFRS9 ("Financial Instruments").

IFRS 9

IFRS9 has replaced IAS39 Financial Instruments: Recognition and Measurement. Given the nature of the company financial instruments, IFRS9 has not had a material impact on the results or financial position of the company in the current or prior period. However, the company has applied the expected credit loss model ("ECL") when calculating impairment losses on its financial assets measured at amortised cost (such as trade receivables, other receivable and accrued revenue). This resulted in more formal judgement being applied due to the need to factor forward looking information when estimating the appropriate amount of provisions. In applying the IFRS9, the company considered the probability of default occurring over the contractual life of the trade and other receivables and accrued revenue on initial recognition of those assets.In accordance with IFRS9 (7.2.2), the company has not restated comparatives on adoption of the standard, and therefore these charges have been processed at the date of initial application (i.e. 1 April 2018).

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

IFRS 15

IFRS15 has replaced IAS18 Revenue and IAS11 Construction contracts as well as various interpretations previously issued by the IFRS Interpretation Committee. Given the nature of the company trading, which is the sale of products and services at a point in time it has not had any impact on the recording of revenue in either the current year or prior periods.

2.5 Revenue

Revenues are generated primarily from the sale of electricity and gas to customers. Revenue from contracts with customers is recognised over time as energy is supplied to the customer, this reflects the value of the volume supplied which includes an estimated value of the volume supplied to customers between the last meter reading and the end of the period. This is determined based on historic meter readings and industry consumption data.

Contract assets and receivables
A contract asset is the right to consideration in exchange for energy supplied to the customer. If the company provides energy to a customer before the customer pays consideration or before payment is due, a contract asset (accrued income) is recognised for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to provide energy to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company provides the energy to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities (deferred income) are recognised as revenue when the company performs under the contract.

2.6 Intangible assets

Software licences and project development costs classified as intangible assets have a useful life of 5 years are initially recognised at cost. After recognition, under the cost model, software licences and project development costs are measured at cost less any accumulated amortisation. In accordance with group policy amortisation is applied in the year after acquisition.

Customer system licence fees classified as intangible assets have an indefinite useful life are initially recognised at cost. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined by which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. In accordance with group policy depreciation is charged in the year after acquisition.

The estimated useful lives range as follows:

Leasehold improvements	- 1-5 years
Office equipment and fixtures and fittings	- 5 years
Computer equipment	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.8 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Provisions against trade debtors and accrued income are recognised when a loss is considered probable. Trade debtors are reviewed and assessed on a customer by customer basis.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans from the parent company, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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2. Accounting policies (continued)

2.12 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Own use contracts

The company enters into forward contracts for a variety of periods to purchase electricity and gas. Energy procurement contracts are entered into and continue to be held for the purpose of the receipt of a non-financial item which is in accordance with the company's expected purchase and sale requirements and are therefore out of scope of IFRS9. Energy contracts that are not financial instruments under IFRS9 are recognised as "own use contracts" and disclosed as an energy purchase commitment.

Forward contracts to purchase energy are accounted for in the statement of comprehensive income in the period in which the supply of power occurs.

2.13 Pensions

On 1 February 2017, the employees of the company that were employed by Nottingham City Council ("NCC") were transferred to Robin Hood Energy Limited. As the company is a member of the Local Government Pension Scheme "LGPS", a defined benefit pension scheme operated by NCC, the LGPS members' obligation was also transferred on this date.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Own use contracts

The company enters into forward contracts for a variety of periods to purchase electricity and gas. Energy procurement contracts are entered into and continue to be held for the purpose of the receipt of a non-financial item which is in accordance with the company's expected purchase and sale requirements and are therefore out of scope of IFRS9. Energy contracts that are not financial instruments under IFRS9 are recognised as "own use contracts" and disclosed as an energy purchase commitment.

Forward contracts to purchase energy are accounted for in the statement of comprehensive income in the period in which the supply of power occurs.

2.13 Pensions

On 1 February 2017, the employees of the company that were employed by Nottingham City Council ("NCC") were transferred to Robin Hood Energy Limited. As the company is a member of the Local Government Pension Scheme "LGPS", a defined benefit pension scheme operated by NCC, the LGPS members' obligation was also transferred on this date.

2. Accounting policies (continued)

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity rates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses;
- Return on plan assets (interest exclusive); and
- Any asset ceiling effect (interest exclusive)

Plan assets
in accordance with local government pension scheme rules, the assets of the scheme are not allocated to particular scheduled or admitted bodies (such as the various councils and related companies such as Robin hood Energy), rather each admitted or scheduled body has a nominal percentage share of the total assets, with that percentage recalculated by the actuary each year depending on cashflows, membership numbers.

Service costs
Service costs are recognised in the statement of comprehensive income, and include current and past service costs as well as gains and losses on curtailments.

Interest expense
Net interest expense (income) is recognised in the statement of comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation/(asset) at the beginning of the annual period to the balance of the net defined benefit obligation/(asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the statement of comprehensive income.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Income represents the amounts payable by the group to the fund in respect of the period.

Deed of Guarantee
NCC has given a Deed of Guarantee Bond in relation to pension fund obligations. The guarantee is limited to a maximum of 80% of fund liabilities and subject to a cap of £696,000.

Defined contribution scheme
The company also operates a defined contribution pension scheme and pension charge represent the amount payable by the company to the fund in respect of the year.

2. **Accounting policies (continued)**

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date, less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity rates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses,
- Return on plan assets (interest exclusive); and
- Any asset ceiling effect (interest exclusive)

Plan assets
In accordance with local government pension scheme rules, the assets of the scheme are not allocated to particular scheduled or admitted bodies (such as the various councils and related companies such as Robin Hood Energy), rather each admitted or scheduled body has a nominal percentage share of the total assets, with that percentage recalculated by the actuary each year depending on cashflows membership numbers.

Service costs
Service costs are recognised in the statement of comprehensive income and include current and past service costs as well as gains and losses on curtailments

Interest expense
Net interest expense (income) is recognised in the statement of comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation/(asset) at the beginning of the annual period to the balance of the net defined benefit obligation/(asset), considering the effects of contributions and benefit payments during the period

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the statement of comprehensive income.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs

Income represents the amounts payable by the group to the fund in respect of the period.

Deed of Guarantee
NCC has given a Deed of Guarantee Bond in relation to pension fund obligations. The guarantee is limited to a maximum of 90% of fund liabilities and subject to a cap of £529,000.

Defined contribution scheme
The company also operates a defined contribution pension scheme and pension charge represent the amount payable by the company to the fund in respect of the year.

2. Accounting policies (continued)

2.14 Current and deferred taxation

Current tax assets or liabilities are measured at the amount expected to be recovered from or paid to taxation authorities and is determined using the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The 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 below.

3. **Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

Estimates and assumptions

(a) Useful lives of property, plant and equipment
Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 12.

(b) Useful lives of intangible assets

With the exception of customer system licence fees which have an indefinite life, other intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss.

The directors consider the life of customer service licenses intangible assets. In making the judgement the directors consider if there is a finite useful life and as the licenses are lifetime licenses the life is considered to be indefinite. The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

The carrying amount of intangible assets by each class is included in note 11.

(c) Impairment of fixed assets

The directors assess whether there are indicators of impairment of the company's tangible and intangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets.

(d) Turnover

The nature of the energy industry in the UK, in which Robin Hood Limited operates, is such that revenue recognition is subject to a degree of estimation. Calculation of revenues from gas and electricity sales include an estimate of the value of electricity and gas supplied to customers based on the latest data provided by the industry at a certain point in time. This will incorporate current data available and will take into consideration the industry reconciliation process.

(e) Impairment of trade debtors and accrued revenue

Impairments against trade debtors and accrued revenue are recognised when the loss is probable. The directors have based their assessment of the level of impairment (which includes credit notes), on collection rates experienced by the company to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment methodology which would impact the income statement in future years.

(f) Bad debts

Bad debt provisions are calculated using a provision matrix to determine the expected credit loss and then the probability of non-payment of the trade receivable and accrued income is assessed.The provision for impairment of trade debtors at 31 March 2020, is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off will be credited to administrative expenses.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

(g) Pensions

in accordance with local government pension scheme rules, the assets of the scheme are not allocated to particular scheduled or admitted bodies (such as the various councils and related companies such as Robin hood Energy), rather each admitted or scheduled body has a nominal percentage share of the total assets, with that percentage recalculated by the actuary each year depending on cashflows, membership numbers.

In order to manage the risks of the pension deficit being misstated the directors have obtained professional advice on the critical estimates from the scheme actuaries. In addition, estimates concerning general economic trends have been informally benchmarked against other companies in the same sector with defined benefit pension schemes.

See note 18 for details of disclosure of the key sources of estimation uncertainty relating to the retirement benefit obligation.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	**150**	160
Amortisation of intangible assets	**340**	190
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**120**	69
Other operating lease rentals	**172**	56
Provision against trade debtors and accrued income	**2,580**	200

6. Employees

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

	2019 £000	2018 £000
Wages and salaries	**4,048**	2,328
Social security costs	**373**	222
Other pension costs (see note 18)	**1,331**	1,141
	5,752	3,691

The average monthly number of employees, during the year was as follows:

	2019 No.	2018 No.
Administration	**167**	99

7. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	**340**	209

During the year retirement benefits were accruing to 3 directors (2018 - 2) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £121,000 (2018 - £99,000).

The emoluments include £Nil (2018 - £39,000) of emoluments paid to a director through a service company.

8. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	**17**	5

Robin Hood Energy Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

6. **Employees**

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

	2019 £000	2018 £000
Wages and salaries	4,048	2,328
Social security costs	373	222
Other pension costs (see note 18)	1,331	1,141
	5,752	3,691

The average monthly number of employees, during the year was as follows:

	2019 No.	2018 No.
Administration	167	99

7. **Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	340	209

During the year retirement benefits were accruing to 3 directors (2018 - 2) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £121 000 (2018 - £89 000)

The emoluments include £Nil (2018 - £39 000) of emoluments paid to a director through a service company.

8. **Interest receivable and similar income**

	2019 £000	2018 £000
Other interest receivable	17	5

9. Interest payable and similar expenses

	2019 £000	Restated 2018 £000
Loan interest payable to parent company	**1,658**	854
Other interest payable re pension scheme (see note 24)	**36**	29
	1,694	883

10. Taxation

	2019 £000	2018 £000
Total current tax	**-**	-
Deferred tax		
Origination and reversal of timing differences	**-**	(422)
Adjustment in respect of prior periods	**568**	-
Total deferred tax	**568**	(422)
Taxation on profit/(loss) on ordinary activities	**568**	(422)

9. Interest payable and similar expenses

	2019 £000	Restated 2018 £000
Loan interest payable to parent company	1,658	854
Other interest payable re pension scheme (see note 24)	36	29
	1,694	883

10. Taxation

	2019 £000	2018 £000
Total current tax	-	
Deferred tax		
Origination and reversal of timing differences	-	(422)
Adjustment in respect of prior periods	659	
Total deferred tax	659	(422)
Taxation on profit/(loss) on ordinary activities	659	(422)

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	**(22,485)**	(2,059)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(4,272)**	(391)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**65**	36
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**116**	74
Prior period adjustment to recognise intangible fixed assets	**-**	117
Unrelieved tax losses carried forward	**4,200**	166
Other differences leading to an decrease in the tax charge	**(109)**	(2)
Deferred tax credit arising from pension adjustment	**-**	(422)
Deferred tax expense adjustment in respect of prior period	**568**	-
Total tax charge for the year	**568**	(422)

Factors that may affect future tax charges

there is no charge to corporation tax as the company has losses of approximately £29m (2018 - £8m) which are available to be carried forward and set against future profits or group relieved.

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly.

Robin Hood Energy Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

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10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(22,485)	(2,059)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(4,272)	(391)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	65	38
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	116	14
Prior period adjustment to recognise intangible fixed assets	-	117
Unrelieved tax losses carried forward	4,200	166
Other differences leading to an decrease in the tax charge	(109)	(2)
Deferred tax credit arising from pension adjustment	-	(422)
Deferred tax expense adjustment in respect of prior period	568	-
Total tax charge for the year	568	(422)

Factors that may affect future tax charges

There is no charge to corporation tax as the company has losses of approximately £29m (2018 - £6m) which are available to be carried forward and set against future profits or group relieved.

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly.

11. Intangible assets

	Project development costs £000	Software licence £000	Customer system licence fees £000	Total £000
Cost				
At 1 April 2018	1,175	524	606	2,305
Additions - external	868	207	-	1,075
At 31 March 2019	2,043	731	606	3,380
Amortisation				
At 1 April 2018	163	130	-	293
Charge for the year	235	105	-	340
At 31 March 2019	398	235	-	633
Net book value				
At 31 March 2019	1,645	496	606	2,747
At 31 March 2018	1,012	394	606	2,012

Indefinite useful life

The net book value of assets assessed as having an indefinite useful life are as follows:

	2019 £000	2018 £000
Customer system license fees	606	606
At 31 March 2019	606	606

Customer system licence fees
Customer system license fees classified as intangible assets have an indefinite useful life are initially recognised at cost. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Impairment of the intangible assets
As a result of expected future trading and profitability the directors have concluded that no adjustment for impairment is required.

Robin Hood Energy Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

11. Intangible assets

	Project development costs £000	Software licence £000	Customer system licence fees £000	Total £000
Cost				
At 1 April 2018	1,175	524	606	2,305
Additions - external	868	207	-	1,075
At 31 March 2019	2,043	731	606	3,380
Amortisation				
At 1 April 2018	163	130	-	293
Charge for the year	235	105	-	340
At 31 March 2019	398	235	-	633
Net book value				
At 31 March 2019	1,645	496	606	2,747
At 31 March 2018	1,012	394	606	2,012

Indefinite useful life

The net book value of assets assessed as having an indefinite useful life are as follows

	2019 £000	2018 £000
Customer system licence fees	606	606
At 31 March 2019	606	606

Customer system licence fees
Customer system licence fees classified as intangible assets have an indefinite useful life are initially recognised at cost. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Impairment of the intangible assets
As a result of expected future trading and profitability the directors have concluded that no adjustment for impairment is required.

12. Tangible fixed assets

	Leasehold improvements £000	Office equipment and fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2018	163	113	512	788
Additions	91	80	199	370
At 31 March 2019	254	193	711	1,158
Depreciation				
At 1 April 2018	139	39	196	374
Charge for the year on owned assets	24	23	103	150
At 31 March 2019	163	62	299	524
Net book value				
At 31 March 2019	91	131	412	634
At 31 March 2018	24	74	316	414

Robin Hood Energy Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

12. Tangible fixed assets

	Leasehold improvements £000	Office equipment and fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2018	163	113	512	788
Additions	91	80	199	370
At 31 March 2019	254	193	711	1,158
Depreciation				
At 1 April 2018	139	35	196	374
Charge for the year on owned assets	24	23	103	150
At 31 March 2019	163	62	299	524
Net book value				
At 31 March 2019	91	131	412	634
At 31 March 2018	24	74	316	414

13. Debtors

	2019 £000	Restated 2018 £000
Due after more than one year		
Deferred tax asset (note 17)	-	568

	2019 £000	Restated 2018 £000
Due within one year		
Trade debtors	**10,049**	6,397
Amounts owed by parent company and fellow group undertakings	**2,287**	2,386
Other debtors	**1,626**	1,733
Prepayments and accrued income	**14,841**	10,079
	28,803	20,595

Robin Hood Energy Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

13. Debtors

	2019 £000	Restated 2018 £000
Due after more than one year		
Deferred tax asset (note 17)	-	568

	2019 £000	Restated 2018 £000
Due within one year		
Trade debtors	10,048	6,597
Amounts owed by parent company and fellow group undertakings	2,287	2,360
Other debtors	1,826	1,733
Prepayments and accrued income	14,841	10,0[illegible]9
	28,803	20,565

13. Debtors (continued)

The provision for impairment of trade debtors and accrued income has been reviewed by the directors. The amount charged to the statement of comprehensive income for the year was £2,580,000 (2018 - £200,000). The provision for impairment of trade debtors and accrued income carried forward is £3,656,000 (2018 - £1,075,000).

The company applies the IFRS9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables (including accrued revenue). To measure expected credit losses trade receivables have been grouped based on similar credit risk and aging. The expected loss rates are based on the company's historical credit losses and knowledge of the customer base. The historical loss rates are then adjusted for current and forward looking information on key factors affecting the company's customers. The directors have applied their knowledge of the general economic environment in which the customers operate as the key macroeconomic factors in the consideration of the impairment of trade receivables. The credit note provision is estimated by management based on historical experience and the level of sales to customers. The credit note provision is recorded as a reduction of revenue.

At 31 March 2019 the expected credit loss provision in respect of trade debtors and accrued income can can be further analysed as:

			Past due (months)			
£'000	Total	Current	0-3	3-6	6-12	over 12
Gross carrying amount	29,928	14,280	9,417	2,456	2,146	1,627
Expected loss rate	12%	3%	5%	16%	50%	81%
Loss provision	3,656	420	439	398	1,079	1,320

Movements on the impairment allowance for trade receivables are as follows:

	2019 £'000	2018 £'000
At 1 April	1,075	875
Increase during the year	2,580	200
Unused amounts reversed	-	-
At 31 March	3,656	1,075

The movement in the impairment of trade debtors and accrued income has been included within administrative expenses in the statement of comprehensive income.

13. Debtors (continued)

Accrued income
Prepayments and accrued income and amounts owed by group undertakingsi includes accrued income of £15,240,000 (2018 - £8,706,000) in respect of energy supplied to customers before the customer has paid consideration or before payment is due.

Prior year restatement
a. Credit balances within trade debtors
In the prior year credit balances amounting to £3,509,000 representing customer over payments were incorrectly recognised in trade debtors. The directors consider that these should be recognised within deferred income (see note 15). There is no impact on the results or net liabilities of this restatement.

b. Amounts due from Nottingham City Council ("NCC")
As explained in note 24 below, amounts due from NCC included £1,229,000 in respect of an indemnity which the directors believed had been provided by NCC against the pension scheme liability. The directors have since been advised by NCC that this is incorrect as the indemnity provided was to the pension scheme in the event that the company defaults on payment of contributions to the scheme. The amount has been reversed and the impact on the financial statements is summarised in note 24.

c. Adjustments to unbilled revenue
As explained in note 24 below, at 31 March 2018, the directors made an estimate of the amount of unbilled revenue and credit note reserve to be recognised in the financial statements. A review was carried out of the actual bills and credit notes raised relating to 31 March 2018 which were included in the financial statements for the year ended 31 March 2019. The review identified that there is an error in the prior period as:

- the estimate for accrued revenue and amounts owed by the parent company were overstated by £389,000 and £44,000 respectively; and
- the provision for credit notes was understated by £895,000.

14. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	**3,708**	2,516

15. Creditors: amounts falling due within one year

	2019 £000	Restated 2018 £000
Trade creditors	**6,123**	2,399
Amounts owed to parent company and fellow group undertakings	**14,145**	1,635
Accruals and deferred income (see note 13)	**28,766**	14,656
	49,034	18,690

Amounts owed to the parent company of £14,115,000 (2018 - £1,635,000) are not expected to be repaid in the next 12 months.

Accruals and deferred income include deferred income of £6,992,000 (2018 - £3,509,000) in respect of the obligation to provide energy to customers for which the company has received consideration from the those customers.

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

	2019 £000	2018 £000
Amounts owed to parent company	**12,596**	10,827

Unsecured **loans** from the parent company

The amounts owed to group undertakings are analysed below:

	Loan £'000	interest rate %	Repayment date
2019	6,513	11.04	31 March 2027
	3,885	7.54	31 December 2024
	2,198	7.54	31 December 2020
2018	6,296	11.04	31 March 2027
	4,531	7.54	31 December 2024

15. Creditors: amounts falling due within one year

	2019 £000	Restated 2018 £000
Trade creditors	6,123	2,399
Amounts owed to parent company and fellow group undertakings	14,146	1,635
Accruals and deferred income (see note 13)	28,765	14,056
	49,034	18,090

Amounts owed to the parent company of £14,115,000 (2018 - £1,635,000) are not expected to be repaid in the next 12 months.

Accruals and deferred income include deferred income of £5,982,000 (2018 - £3,509,000) in respect of the obligation to provide energy to customers for which the company has received consideration from those customers

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

	2019 £000	2018 £000
Amounts owed to parent company	12,596	10,827

Unsecured loans from the parent company

The amounts owed to group undertakings are analysed below

	Loan £000	Interest rate %	Repayment date
2019	6,512	11.04	31 March 2027
	3,886	7.54	31 December 2024
	2,198	7.54	31 December 2020
2018	6,296	11.04	31 March 2027
	4,531	7.54	31 December 2024

17. Deferred taxation

	2019 £000	2018 £000
At beginning of year - as previously reported £558,000; prior period adjustment (see note 24) £11,000; as restated	**569**	191
Charge to the statement of comprehensive income	**(569)**	422
Charged to other comprehensive income	-	(44)
At end of year	-	569

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Deferred tax relating to pension scheme	-	260
Tax losses carried forward	-	309
	-	569

The adjustment to release the prior year deferred tax asset is in relation to the directors conculsion that there is doubt over whether it can be recovered in the foreseeable future.

The company has not recognised a deferred tax asset in respect of losses approximately £5.1m (2018 - £1.4m) as the directors believe there is doubt over their recovery in the foreseeable future.

18. Pension commitments

The company operates a defined benefit pension scheme.

Defined benefit scheme characteristics and funding:

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. As the LGPS operates under the rules relating to public sector schemes, the company has no influence in that regard.

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

18. Pension commitments (continued)

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The LGPS is legally separate from the company and administered by a separate fund.

The Nottinghamshire Pension Fund Committee is responsible for deciding the asset allocation of the fund. The asset allocation currently favours "growth assets" (equities and property) over "defensive assets" (bonds and cash) as the former are expected to outperform the latter over the long term. As the Fund receives significant investment income, it is unlikely to need to sell assets to pay benefits for at least 20 years. This allows the Fund to continue to implement a long term investment strategy.

The scheme is exposed to a number of risks, including:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bond to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In the period to 31 March 2020, the company expects to contribute £399,000 (2019 - £320,000) into the defined benefit scheme.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administrated fund. The pension cost charge represents contribution payable by the company to the fund and amounted to £ 334,000 (2018 - £239,000).

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
At the beginning of the year	**2,692**	1,957
Current service cost	**997**	902
Interest cost	**72**	55
Change in financial assumptions	**358**	(353)
Contributions	**170**	132
Benefits paid	**(12)**	(1)
Change in demographic assumptions	**(234)**	-
At the end of the year	**(4,043)**	(2,692)

18. Pension commitments (continued)

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The LGPS is legally separate from the company and administered by a separate fund.

The Nottinghamshire Pension Fund Committee is responsible for deciding the asset allocation of the fund. The asset allocation currently favours "growth assets" (equities and property) over "defensive assets" (bonds and cash) as the former are expected to outperform the latter over the long term. As the Fund receives significant investment income, it is unlikely to need to sell assets to pay benefits for at least 20 years. This allows the Fund to continue to implement a long term investment strategy.

The scheme is exposed to a number of risks, including:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bond to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In the period to 31 March 2020, the company expects to contribute £399,000 (2019 - £320,000) into the defined benefit scheme.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contribution payable by the company to the fund and amounted to £324,000 (2018 - £239,000).

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
At the beginning of the year	2,692	1,[illegible]
Current service cost	997	902
Interest cost	72	55
Change in financial assumptions	368	(353)
Contributions	170	132
Benefits paid	(12)	(11)
Change in demographic assumptions	(234)	-
At the end of the year	(4,043)	(2,[illegible])

18. Pension commitments (continued)

Composition of plan liabilities:

	2019 £000	2018 £000
Schemes wholly or partly funded	**(4,043)**	(2,692)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	**1,156**	762
Interest on assets	**36**	26
Expected return on plan assets	**102**	(2)
Contributions by employer including unfunded	**305**	239
Contributions by scheme participants and other employers	**170**	132
Benefits paid	**(12)**	(1)
At the end of the year	**1,757**	1,156

Composition of plan assets:

	2019 £000	2018 £000
Equities	**1,055**	760
Bonds	**225**	161
Infrastructure	**87**	38
Inflation linked pooled fund	**64**	29
Property	**273**	145
Cash	**53**	23
Total plan assets	**1,757**	1,156

	2019 £000	2018 £000
Fair value of plan assets	**1,757**	1,156
Present value of plan liabilities	**(4,043)**	(2,692)
Net pension scheme liability	**(2,286)**	(1,536)

18. Pension commitments (continued)

On 1 February 2017, the employees of the company that were employed by NCC and related pension obligation ,were transferred to Robin Hood Energy Limited.

NCC has given a Deed of Guarantee Bond in relation to pension fund obligations. The guarantee is limited to a maximum of 80% of fund liabilities and subject to a cap of £696,000.

In accordance with local government pension scheme rules, the assets of the scheme are not allocated to particular scheduled or admitted bodies rather each admitted or scheduled body has a nominal percentage share of the total assets, with that percentage recalculated by the actuary each year.

The company's share of assets of the LGPS is estimated to be less than 1%.

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Current service cost	997	902
Net interest on the defined liability	36	29
Total	1,033	931

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.45	2.60
Future salary increases	3.85	3.75
Future pension increases	2.35	2.25
Inflation assumption	3.35	3.25
Mortality rates		
- for a male aged 65 now	21.6	22.6
- at 65 for a male aged 45 now	23.3	24.8
- for a female aged 65 now	24.4	25.6
- at 65 for a female member aged 45 now	26.2	27.9

18. Pension commitments (continued)

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

	Assumption £000	Change in assumption £000	Change in assumption £000
		Increase by 0.1%	Decrease by 0.1%
Discount rate			
Present value of total obligation	4,043	3,900	4,191
Projected service cost	1,000	965	1,037
		Increase by 0.1%	Decrease by 0.1%
Long term salary increase			
Present value of total obligation	4,043	4,055	4,031
Projected service cost	1,000	1,000	1,000
		Increase by 0.1%	Decrease by 0.1%
Pension increases and deferred revaluation			
Present value of total obligation	4,043	4,179	3,912
Projected service cost	1,000	1,037	965
		Increase by 1 year	Decrease by 1 year
Life expectancy assumptions			
Present value of total obligation	4,043	4,172	3,918
Projected service cost	1,000	1,032	969

18. Pension commitments (continued)

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below.

	Assumption £000	Change in assumption £000	Change in assumption £000
		Increase by 0.1%	Decrease by 0.1%
Discount rate			
Present value of total obligation	4,043	3,900	4,191
Projected service cost	1,000	965	1,037
		Increase by 0.1%	Decrease by 0.1%
Long term salary increase			
Present value of total obligation	4,043	4,055	4,031
Projected service cost	1,000	1,000	1,000
		Increase by 0.1%	Decrease by 0.1%
Pension increases and deferred revaluation			
Present value of total obligation	4,043	4,179	3,912
Projected service cost	1,000	1,037	965
		Increase by 1 year	Decrease by 1 year
Life expectancy assumptions			
Present value of total obligation	4,043	4,172	3,918
Projected service cost	1,000	1,032	968

19. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	116	56
Later than 1 year and not later than 5 years	193	-
	309	56

20. Energy purchase commitments

The company hedges its exposure to changes in market prices from energy purchases by entering into forward contracts for a variety of periods.

The company has committed to purchase energy totaling £25,569,983 (2018 - £9,915,906) which has been contracted for but not provided in these financial statements.

Forward contracts to purchase energy are accounted for in the statement of comprehensive income in the period in which the supply of power occurs.

21. Share capital

	2019 £000	2018 £000
Authorised, allotted, called up and fully paid		
7,500,001 (2018 - 7,500,001) ordinary shares of £1.00 each	7,500	7,500

22. Reserves

The company's reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

23. Related party transactions

The company has taken advantage of the exemption available from paragraphs 17 and 18A of IAS 24 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year Robin Hood Energy Limited entered into transactions with Ebico Limited a company in in which Mr. P Levermore a director of Robin Hood Energy Limited was a director. Commission paid to Ebico Limited were £1,466,000 (2018- £1,116,000). Amount owed to Ebico Limited at the year end was £84,000 (2018- £157,000).

The key management personnel are considered to be the directors and their remuneration is disclosed in note 7.

24. Prior period adjustment

The directors have identified the following prior period adjustments:

a. In the prior year credit balances amounting to £3,509,000 representing customer over payments were incorrectly recognised in trade debtors. The directors consider that these should be recognised within deferred income (see note 15). There is no impact on the results or net liabilities of this restatement.

b. In February 2017, employees of the company that were employed by Nottingham City Council ("NCC") were transferred to Robin Hood Energy Limited. Robin Hood Energy is a member of the LGPS, a defined benefit scheme administered by NCC in accordance with the Local Government Regulations 2013. At the time of the transfer, and after discussion with NCC, the directors of the company believed that an agreement had been reached with NCC whereby Robin Hood Energy would be indemnified against 80% of the liability arising as a result of the transfer. An adjustment of £956,000 was recognised as a capital contribution as at 31 March 2017 and amounts due from the parent company.

In the year to 31 March 2018, the valuation of the company's portion of the scheme, showed an increase in the pension liability of £341,000 from £1,195,000 to £1,536,000. Of this increase, £273,000, being the indemnity of 80%, was recognised against the intercompany balance due from NCC.

Subsequent to the above adjustments, the directors have since been advised by NCC that the above treatment is incorrect as the indemnity provided was to the pension scheme in the event that the company defaults on payment of contributions to the scheme.

There is therefore an error in the prior period in respect of:

- The recognition of the 80% indemnity of £1,229,000 due from the parent company for 2017 and 2018 of £956,000 and £273,000 respectively.
- In addition, the adjustments as required under IAS19 for the year ended 31 March 2018 were not recognised correctly with the result that:

  a. Additional costs of £511,000 including a £29,000 adjustment to interest paid and a £113,000 adjustment to deferred tax should be recognised through the Statement of Comprehensive Income;and
  b. Actuarial gains of £351,000 together with related deferred tax of £44,000 should be recognised through Other Comprehensive Income resulting in the amount recognised in other comprehensive income increasing from £58,000 as previously reported to a net £307,000.

c.. At 31 March 2018, the directors made an estimate of the amount of unbilled revenue and credit notes reserve to be recognised in the financial statements. A review was carried out of the actual bills and credit notes raised relating to 31 March 2018 which were included in the financial statements for the year ended 31 March 2019. The review identified that there is an error in the prior period as:

- the estimate for accrued revenue and amounts owed by NCC were overstated by £389,000 and £44,000 respectively;
- the provision for credit notes was understated by £895,000; and
- Revenue was overstated by £1,328,000

Retrospective restatement of this adjustment as at 1 April 2017 is considered to be impracticable in line with IAS 8 due to changes in management and the finance team and therefore the inability to accurately assess the assumptions underlying the estimate at that date. Therefore, the earliest date that the accrued income adjustment has been applied to is for the year ended 31 March 2018.

24. Prior period adjustment

The directors have identified the following prior period adjustments

a. In the prior year credit balances amounting to £3 509 000 representing customer over payments were incorrectly recognised in trade debtors. The directors consider that these should be recognised within deferred income (see note 15). There is no impact on the results or net liabilities of this restatement.

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In the year to 31 March 2018, the valuation of the company's portion of the scheme showed an increase in the pension liability of £341,000 from £1 195,000 to £1,536,000. Of this increase, £273 000, being the indemnity of 80% was recognised against the intercompany balance due from NCC

Subsequent to the above adjustments, the directors have since been advised by NCC that the above treatment is incorrect as the indemnity provided was to the pension scheme in the event that the company defaults on payment of contributions to the scheme

There is therefore an error in the prior period in respect of

- The recognition of the 80% indemnity of £1,229 000 due from the parent company for 2017 and 2018 of £956 000 and £273,000 respectively.
- In addition the adjustments as required under IAS19 for the year ended 31 March 2018 were not recognised correctly with the result that:

a. Additional costs of £511,000 including a £29,000 adjustment to interest paid and a £113,000 adjustment to deferred tax should be recognised through the Statement of Comprehensive Income and

b. Actuarial gains of £351 000 together with related deferred tax of £44,000 should be recognised through Other Comprehensive Income resulting in the amount recognised in other comprehensive income increasing from £58 000 as previously reported to a net £[illegible]

c. At 31 March 2016, the directors made an estimate of the amount of unbilled revenue and credit notes reserve to be recognised in the financial statements. A review was carried out of the actual bills and credit notes raised relating to 31 March 2018 which were included in the financial statements for the year ended 31 March 2019. The review identified that there is an error in the prior period as:

- the estimate for accrued revenue and amounts owed by NCC were overstated by £364 000 and £44 000 respectively;
- the provision for credit notes was understated by £895,000 and
- Revenue was overstated by £1 326,000

Retrospective restatement of this adjustment as at 1 April 2017 is considered to be impracticable in line with IAS 8 due to changes in management and the finance team and therefore the inability to accurately assess the assumptions underlying the estimate at that date. Therefore the earliest date that the accrued income adjustment has been applied to is for the year ended 31 March 2018

24. Prior period adjustment (continued)

As a result of the errors identified above:

- The profit as previously reported in the Statement of Comprehensive Income of £202,000 becomes a loss of £1,637,000; and
- The net liabilities as at 31 March 2018 increase from £2,404,000 to £4,950,000

25. Post balance sheet events

Since 31March 2019, the company has continued to be supported by its parent Nottingham City Council. In October 2019, the company borrowed £9.4m to support the payments of its ROCs liability and an additional £2.7m in February 2020 to assist cashflows through the end of winter.

26. Controlling party

The company is a wholly owned subsidiary of Nottingham City Council, which is the ultimate controlling party.

The parent undertaking of the largest group for which consolidated accounts are prepared is Nottingham City Council. Consolidated accounts are available from Nottingham City Council at Loxley House, Nottingham, NG2 3NG, or via their website at www.nottinghamcity.gov.uk.

Robin Hood Energy Limited

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For the Year Ended 31 March 2019

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24. Prior period adjustment (continued)

As a result of the errors identified above

- The profit as previously reported in the Statement of Comprehensive Income of £202,000 becomes a loss of £1,637,000; and
- The net liabilities as at 31 March 2018 increase from £2,404,000 to £4,950,000

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