

# **Robin Hood Energy Limited**

Annual Report and Financial Statements

Year Ended

31 March 2018

Company Number 08053212

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# Robin Hood Energy Limited

## Company Information

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<b>Directors</b>	D Liversidge S P Battlemuch N N Khan J N Collins G Scholes A D Springall R S Bain P J C Levermore
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<b>Registered number</b>	08053212
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<b>Registered office</b>	Loxley House Station Street Nottingham NG2 3NG
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<b>Independent auditor</b>	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ
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# Robin Hood Energy Limited

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# Robin Hood Energy Limited

## Strategic Report For the Year Ended 31 March 2018

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### Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2018.

### Principal activity

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

### Business review

The company has made strong progress in the year in terms of the size of its customer base and focus on margins and costs resulting in its first operating profit and profit after tax. Turnover increased by £44.4m to £70.357m and gross profit of £5,101,000. Administrative expenses increased from £3,306,000 to £4,539,000 partly as a result of an increase in our average head count from 71 to 99, all employed locally in Nottingham. Our operating profit was £742,000 compared to an operating loss of £6,501,000 last year. As the Company produced a small profit for the year ended 31 March 2018 it has now voluntarily signed up to offer eligible customers the Warm Home Discount.

During the year the parent company subscribed for 7,500,000 of ordinary shares of £1 capitalising part of its loan to the company. The impact of this and the result for the year has seen a reduction in the shareholder deficit from £10,164,000 to £2,404,000.

The directors have carried out a detailed review to determine whether the preparation of the financial statements on a going concern basis remains appropriate. The directors' review of the company takes into consideration budgets and cashflow forecasts for the period to 31 March 2020.

On the assumption of support being forthcoming from our parent entity, in line with agreed budgets, the directors consider that the company has adequate resources to continue to meet its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

### Principal risks and uncertainties

The principal risks and uncertainties are:

#### Competition

Due to growing public awareness of energy prices, the UK market is very competitive with new entrants coming to the market. The company monitors all the different channels to market, associated cost structures and attractiveness. Whilst operating within the firm economic discipline, the company can remain quick to react to price changes in the market when it is appropriate to do so.

#### 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 in laws and regulations and their enforcement may impact on the company's business in terms of costs, changes to business practices and restriction on activities. The regulatory framework within the company's market continues to be fast changing with major activity required to modify the CRM and billing systems, to enable all customers to benefit from the use of Smart meters by 2020.

The company operates a compliance regime which monitors legal and regulatory developments to ensure the appropriate training is provided and the necessary modifications to trading practices and policies are made. Regular reviews are conducted to ensure compliance with the increasing number of legal and regulatory developments.

#### Volume and commodity price changes

The company is exposed to changes in commodity market prices. The company has a strategy to try and match customers fixed contracts to the forward purchase of commodities, whilst maintaining some flexibility to benefit from prevailing trends in commodity costs.

# Robin Hood Energy Limited

## Strategic Report (continued) For the Year Ended 31 March 2018

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### Financial key performance indicators

The directors have a number of key financial performance indicators that are produced and monitored on a regular basis. These can be seen in the financial statements. Generally the directors are satisfied that the KPI's show a positive trend for the company.


	Unit	2018	2017
Customers	Number	167,945	126,869
Revenue	£'000	70,357	25,952
Gross profit	%	7.2	(12.3)

### Employee involvement

The company actively encourages employee involvement and has recently recognised unions in its workforce. The company holds regular briefings where the latest information is shared including financial and operational factors that affect performance of the company.

Employee performance and development is reviewed on an annual basis and ensured it is in line with the company's objectives.

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

  
**R S Bain**  
Director

Date: 18 June 2018

# Robin Hood Energy Limited

## Directors' Report For the Year Ended 31 March 2018

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The directors present their report together with the audited financial statements for the year ended 31 March 2018.

### Results and dividends

The profit for the year, after taxation, amounted to £202,000 (2017 - loss of £7,213,000).

The directors do not recommend the payment of a dividend (2017 - £Nil).

### Directors

The directors who served during the year were:

D Liversidge  
A M Clark (deceased 26 July 2017)  
S P Battlemuch  
N N Khan  
J N Collins  
G Scholes (appointed 9 June 2017)  
A D Springall (appointed 9 June 2017)  
R S Bain (appointed 3 January 2018)  
P J C Levermore (appointed 13 October 2017)

### 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.

### Post statement of financial position events

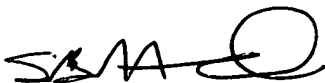
There have been no significant events affecting the company since the year end.

### 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.

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



**S P Battlemuch**  
Director  
Date: 18 June 2018

# **Robin Hood Energy Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 March 2018**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- 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.

# **Robin Hood Energy Limited**

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

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### **Opinion**

We have audited the financial statements of Robin Hood Energy Limited ("the company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of changes in cash flow and related 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 FRS 101 Reduced Disclosure Framework, The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 2018 and of its profit 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.

### **Conclusions relating to going concern**

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

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



# **Robin Hood Energy Limited**

## **Independent Auditor's Report to the Members of Robin Hood Energy Limited (continued)**

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### **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 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.

# Robin Hood Energy Limited

## Independent Auditor's Report to the Members of Robin Hood Energy Limited (continued)

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 so.

### 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of audit 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.



**Gareth Singleton** (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Nottingham  
United Kingdom

**18 June 2018**

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

# Robin Hood Energy Limited

## Statement of Comprehensive Income For the Year Ended 31 March 2018

	Note	2018 £	As restated 2017 £000
Turnover	4	70,357	25,952
Cost of sales		(65,256)	(29,147)
<b>Gross profit/(loss)</b>		<b>5,101</b>	<b>(3,195)</b>
Administrative expenses		(4,359)	(3,306)
<b>Operating profit/(loss)</b>	5	<b>742</b>	<b>(6,501)</b>
Interest receivable and similar income	8	5	3
Interest payable and expenses	9	(854)	(702)
<b>Loss before tax</b>		<b>(107)</b>	<b>(7,200)</b>
Tax on loss	10	309	(13)
<b>Profit/(loss) for the financial year</b>		<b>202</b>	<b>(7,213)</b>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 13 to 32 form part of these financial statements.

# Robin Hood Energy Limited

Registered number: 08053212

## Statement of Financial Position As at 31 March 2018

	Note	2018 £000	2018 £000	As restated 2017 £000	As restated 2017 £000
<b>Fixed assets</b>					
Intangible assets	11		2,011		845
Tangible assets	12		414		470
			<u>2,425</u>		<u>1,315</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	13	557		191	
Debtors: amounts falling due within one year	13	19,641		9,550	
Cash at bank and in hand	14	2,516		860	
		<u>22,714</u>		<u>10,601</u>	
Creditors: amounts falling due within one year	15	(15,180)		(12,131)	
<b>Net current assets/(liabilities)</b>			<u>7,534</u>		<u>(1,530)</u>
<b>Total assets less current liabilities</b>			<u>9,959</u>		<u>(215)</u>
Creditors: amounts falling due after more than one year	16		(10,827)		(8,537)
			<u>(868)</u>		<u>(8,752)</u>
<b>Provisions for liabilities</b>					
Other provisions	18	-		(217)	
			<u>-</u>		<u>(217)</u>
<b>Net liabilities excluding pension liability</b>			<u>(868)</u>		<u>(8,969)</u>
Pension liability	19		(1,536)		(1,195)
<b>Net liabilities</b>			<u><u>(2,404)</u></u>		<u><u>(10,164)</u></u>

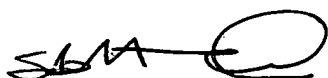
# Robin Hood Energy Limited

Registered number: 08053212

## Statement of Financial Position (continued) As at 31 March 2018

	Note	2018 £000	2017 £000
<b>Capital and reserves</b>			
Called up share capital	22	7,500	-
Profit and loss account	23	(9,904)	(10,164)
		<u>(2,404)</u>	<u>(10,164)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S P Battlemuch**  
Director

Date: 18 June 2018

The notes on pages 13 to 32 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 £000	Profit and loss account £000	Total equity £000
As at 1 April 2017	-	(10,164)	(10,164)
<b>Comprehensive income for the year</b>			
Profit for the year	-	202	202
<b>Total comprehensive income for the year</b>	-	202	202
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	7,500	-	7,500
Other movements	-	58	58
<b>Total transactions with owners</b>	7,500	58	7,558
<b>At 31 March 2018</b>	<b>7,500</b>	<b>(9,904)</b>	<b>(2,404)</b>

# Robin Hood Energy Limited

## Statement of Changes in Equity For the Year Ended 31 March 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2016 (as previously reported)	-	(3,217)	(3,217)
Prior period adjustment (see note 11)	-	240	240
At 1 April 2016 (as restated)	-	(2,977)	(2,977)
<b>Comprehensive loss for the year</b>			
Loss for the year (as restated) - (see note 11)	-	(7,213)	(7,213)
<b>Total comprehensive loss for the year</b>	-	(7,213)	(7,213)
<b>Contributions by and distributions to owners</b>			
Capital contribution	-	956	956
Liability transferred from parent company	-	(930)	(930)
<b>Total transactions with owners</b>	-	26	26
<b>At 31 March 2017</b>	-	(10,164)	(10,164)

As explained further in note 19, following the transfer of the relevant employees in the prior year, the parent company has indemnified the company for 80% of the defined benefit pension liability. This indemnity has been recognised as a capital contribution.

The notes on pages 13 to 32 form part of these financial statements.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 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 directors' 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

At 31 March 2018, the company has net liabilities of £2,404,000 (2017 - £10,164,000) (as restated) including amounts owed to the parent company of £12,589,000 (2017- £11,580,000). The company relies upon parent company support for its funding which has been confirmed in writing.

The directors have carried out a detailed review to determine whether the preparation of the financial statements on a going concern basis remains appropriate. The directors' review of the company takes into consideration budgets and cashflow forecasts for the period to 31 March 2020 which show that the company will still be reliant on the parent company for financial support for the foreseeable future.

On the assumption of support being forthcoming in line with agreed budgets, which has been confirmed in writing, the directors consider that the company has adequate resources to continue to meet its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.



# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 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 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 2018 and consolidated accounts are available from Nottingham City Council at Loxley House, Nottingham, NG2 3NG, or via their website at [www.nottinghamcity.gov.uk](http://www.nottinghamcity.gov.uk).

#### 2.4 Turnover

Turnover comprises the value of units of energy supplied to customers during the year, and includes an estimate of the value of units supplied to customers based on the latest data provided by industry at a certain point in time. This will incorporate current data available and industry data. Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

#### 2.5 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 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

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.6 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.

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	- 3 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.

#### 2.7 Operating leases

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

#### 2.8 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.

#### 2.9 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.

#### 2.10 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.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.11 Pensions

On 1 February 2017, the employees of the company that were employed by Nottinghamshire 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. NCC indemnified the company against 80% of the liability arising as a result of this transfer. An asset is recognised as due from NCC for 80% of the closing liability.

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 date 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)
- Any asset ceiling effect (interest exclusive)

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.

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.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.12 Provisions

Provisions are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is more likely than not that an outflow of economic resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

#### 2.13 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.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 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) Power purchase costs

Settlement of power purchase costs and volume can typically take 14 months to be finalised due to the settlement procedures that are standard in the energy market. Therefore there is an element of power purchase costs that need to be estimated based on industry data at any particular point in time.

##### (f) Bad debts

The estimate of the provision for impairment takes account of future cash flows based on the latest information and ageing of the debt. The provision for impairment of trade debtors at 31 March 2017, is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off will be credited to administrative expenses.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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

#### (g) Pensions

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 19 for details of disclosure of the key sources of estimation uncertainty relating to the retirement benefit obligation.

As explained further in note 19, following the transfer of the relevant employees in the prior year, the parent company has indemnified the company for 80% of the defined benefit pension liability. This indemnity has been recognised as a capital contribution which is then included within the intercompany balance with the parent company.

#### 4. Turnover

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

#### 5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	160	160
Amortisation of intangible assets	190	42
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	35	25
Other operating lease rentals	56	56
Provision against trade debtors and accrued income	200	630

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 6. Employees

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

	2018 £000	2017 £000
Wages and salaries	2,546	280
Social security costs	222	25
Service cost of defined benefit scheme	549	104
	<u>3,317</u>	<u>409</u>

In the prior period all employees were employed by the parent company and their costs were recharged to the company up to 1 February 2017 when these employees were transferred to the company.

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

	2018 No.	2017 No.
Administration	<u>99</u>	<u>71</u>

### 7. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	<u>209</u>	<u>-</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £99,000 (2017 - £NIL).

In the prior period the directors received remuneration from the parent company for their services to the company. At that time was not considered practical or possible to apportion these costs to the company. Given the relative size of the company the effect of not apportioning these costs for disclosure purposes is not considered to be material. In the current year the directors continued to receive remuneration from the parent company to 31 May 2017 at which point they were paid by the company.

The emoluments include £39,000 (2017- £Nil) of emoluments paid to a director through a service company.

### 8. Interest receivable

	2018 £000	2017 £000
Other interest receivable	<u>5</u>	<u>3</u>

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 9. Interest payable

	2018 £000	2017 £000
Loan interest payable to parent company	854	697
Other interest payable	-	5
	<u>854</u>	<u>702</u>

### 10. Taxation

	2018 £000	2017 £000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(309)	13
	<u>(309)</u>	<u>13</u>

#### Factors affecting tax charge for the year

There is no charge for corporation tax as the company has trading losses of approximately £6.4m which are available for group relief or to be carried forward and utilised against future trading profits.

The deferred tax credit arises from the recognition of the recovery of tax losses against expected profits for the two years ended 31 March 2020.

#### Factors that may affect future tax charges

The Finance (No.2) Act 2015 enacted the corporation tax rate to reduce from the current rate of 19.25% to 19% from 1 April 2017 with a further reduction to 18% from April 2020. On 24 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Act 2016 to reduce the rate of corporation tax to 17% from 1 April 2020, superseding the 18% rate effective from that date introduced in Finance (No.2) Act 2015. These changes to the future tax rate were substantively enacted at the statement of financial position date.



# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 11. Intangible assets

	Project development costs £000	Software licence £000	Customer system licence fees £000	Total £000
<b>Cost</b>				
At 1 April 2017 (as previously stated)	-	286	-	286
Prior Year Adjustment	608	54	-	662
	<u>608</u>	<u>340</u>	<u>-</u>	<u>948</u>
At 1 April 2017 (as restated)	608	340	-	948
Additions - external	567	184	606	1,357
	<u>1,175</u>	<u>524</u>	<u>606</u>	<u>2,305</u>
At 31 March 2018	1,175	524	606	2,305
	<u>1,175</u>	<u>524</u>	<u>606</u>	<u>2,305</u>
<b>Amortisation</b>				
At 1 April 2017 (as previously stated)	-	56	-	56
Prior Year Adjustment	41	6	-	47
	<u>41</u>	<u>62</u>	<u>-</u>	<u>103</u>
At 1 April 2017 (as restated)	41	62	-	103
Charge for the year	122	68	-	190
	<u>163</u>	<u>130</u>	<u>-</u>	<u>293</u>
At 31 March 2018	163	130	-	293
	<u>163</u>	<u>130</u>	<u>-</u>	<u>293</u>
<b>Net book value</b>				
At 31 March 2018	1,012	394	606	2,012
	<u>1,012</u>	<u>394</u>	<u>606</u>	<u>2,012</u>
At 31 March 2017 (as restated)	567	278	-	845
	<u>567</u>	<u>278</u>	<u>-</u>	<u>845</u>

#### Indefinite useful life

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

	2018 £000	2017 £000
Customer system licence fees	606	-
	<u>606</u>	<u>-</u>
At 31 March 2018	606	-
	<u>606</u>	<u>-</u>

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 11. Intangible assets (continued)

#### **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

#### **Prior period adjustment**

In prior years costs relating to project development and certain software licences were written off to the statement of comprehensive income as incurred. During the year, the directors have assessed this accounting treatment and concluded that these costs should have instead been recognised as an intangible asset. In making this assessment the directors considered whether the recognition criteria as set out in IAS 38 Intangible Assets relating to the assets had been met at the time the expenditure had been incurred and were satisfied that capitalisation of these costs was appropriate at the time.

Accordingly the financial statements for prior years have been restated to recognise the capitalisation as intangible assets of £662,000 of costs previously expensed, together with related amortisation of £47,000.

The impact of this restatement on prior years is to reduce the deficit on shareholders' funds at 31 March 2016 by £240,000, from £3,217,000 to £2,977,000, and the loss for the year ended 31 March 2017 by £375,000, from £7,588,000 to £7,213,000.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 12. Tangible fixed assets

	Leasehold improvements £000	Office equipment and fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2017	139	95	450	684
Additions	24	18	62	104
At 31 March 2018	163	113	512	788
<b>Depreciation</b>				
At 1 April 2017	88	20	106	214
Charge for the year	51	19	90	160
At 31 March 2018	139	39	196	374
<b>Net book value</b>				
At 31 March 2018	24	74	316	414
At 31 March 2017	51	75	344	470

### 13. Debtors

	2018 £000	2017 £000
<b>Due after more than one year</b>		
Deferred tax asset (note 17)	557	191
<b>Due within one year</b>		
Trade debtors	3,783	1,496
Amounts owed by group undertakings	3,659	3,047
Other debtors	1,733	2,528
Prepayments and accrued income	10,466	2,479
	19,641	9,550

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 13. Debtors (continued)

The bad debt provision has been reviewed by the directors. The amount charged to the statement of comprehensive income for the year was £200,000 (2017 - £875,000). The bad debt provision carried forward is £1,075,000 (2017 - £875,000).

### 14. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,516	860

### 15. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	2,399	2,429
Amounts owed to group undertakings	1,635	3,043
Accruals and deferred income	11,146	6,659
	15,180	12,131

### 16. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts owed to group undertakings	10,827	8,537

#### Secured loans

The amount owed to group undertakings is unsecured and attracts interest at rates of between 10.78% and 11.04%.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 17. Deferred taxation

	<b>2018 £000</b>
At beginning of year	191
Credit to the profit or loss	309
Charged to other comprehensive income	58
	-
<b>At end of year</b>	<b>558</b>

The deferred tax asset is made up as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Deferred tax relating to pension scheme	249	191
Tax losses carried forward	309	-
	<b>558</b>	<b>191</b>

The company has recognised a deferred tax asset in respect of losses of approximately £309,000 as the directors believe that the forecasts for the 2 years ending 31 March 2020 support their recovery. The remaining losses and other timing differences of approximately £990,000 have not been recognised as there remains doubt over their recovery in the foreseeable future.

### 18. Provisions

	<b>Other provisions £000</b>
At 1 April 2017	217
Credited to profit or loss	(217)
<b>At 31 March 2018</b>	<b>-</b>

Other provisions comprised a provision against dilapidation's on the premises that the company occupies and rents from the parent company and an onerous contract for the supply of electricity to the parent company. The directors have renegotiated the terms of these contracts and consider that the provision is no longer required. Accordingly it has been released to the statement of comprehensive income.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 19. 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.

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 2019, the company expects to contribute £320,000 into the defined benefit scheme.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 19. Pension commitments (continued)

#### Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Brought forward/ Transferred in	1,957	1,830
Current service cost	549	104
Interest cost	55	9
Contributions	132	14
Benefits paid	(1)	-
<b>At the end of the year</b>	<b>(2,692)</b>	<b>(1,957)</b>

#### Composition of plan liabilities:

	2018 £000	2017 £000
Schemes wholly or partly funded	(2,692)	(1,957)

#### Reconciliation of fair value of plan assets:

	2018 £000	2017 £000
Transferred in	762	696
Interest on assets	26	4
Expected return on plan assets	(2)	23
Contributions	370	39
<b>At the end of the year</b>	<b>1,156</b>	<b>762</b>

#### Composition of plan assets:

	2018 £000	2017 £000
Equities	760	533
Bonds	161	69
Infrastructure	38	18
Inflation linked pooled fund	29	19
Property	145	85
Cash	23	38
<b>Total plan assets</b>	<b>1,156</b>	<b>762</b>

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 19. Pension commitments (continued)

	2018 £000	2017 £000
Fair value of plan assets	1,156	762
Present value of plan liabilities	(2,692)	(1,957)
<b>Net pension scheme liability</b>	<b>(1,536)</b>	<b>(1,195)</b>

On 1 February 2017, the employees of the company that were employed by NCC were transferred to Robin Hood Energy Limited. As the company is a member of the LGPS, the obligation was also transferred on this date. NCC indemnified the company against 80% of the liability arising as a result of this transfer which is recognised as a capital contribution.

The company's share of assets of the LGPS is estimated to be less than 1%. The company was given this share of assets as at the date of transfer on 1 February 2017 that reflected a fully funded transfer using assumptions that are consistent with the triennial valuation of the fund as at 31 March 2013.

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Current service cost	(549)	(104)

Actuarial movements are not material and have been accounted for through the statement of comprehensive income as part of current service cost.



# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 19. Pension commitments (continued)

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

	2018 %	2017 %
Discount rate	2.60	2.70
Future salary increases	3.75	4.20
Future pension increases	2.25	2.70
Inflation assumption (RPI)	3.25	3.60
Mortality rates		
- for a male aged 65 now	22.6	22.5
- at 65 for a male aged 45 now	24.8	24.7
- for a female aged 65 now	25.6	25.5
- at 65 for a female member aged 45 now	27.9	27.8

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%
<b>Discount rate</b>			
Present value of total obligation	2,692	2,597	2,790
Projected service cost	1,044	1,007	1,082

		Increase by 0.1%	Decrease by 0.1%
<b>Long term salary increase</b>			
Present value of total obligation	2,692	2,704	2,681
Projected service cost	1,044	1,044	1,044

		Increase by 0.1%	Decrease by 0.1%
<b>Pension increases and deferred revaluation</b>			
Present value of total obligation	2,692	2,779	2,608
Projected service cost	1,044	1,082	1,007

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 19. Pension commitments (continued)

		Increase by 1 year	Decrease by 1 year
<b>Life expectancy assumptions</b>			
Present value of total obligation	2,692	2,778	2,609
Projected service cost	1,044	1,077	1,012

### 20. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	56	34
	<u>56</u>	<u>34</u>

### 21. Energy purchase commitments

The company hedges its exposure to changes in market prices from energy purchases.

The company has committed to purchase energy totaling £9,915,906 (2017 - £10,199,000) 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.

# Robin Hood Energy Limited

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 22. Share capital

	2018 £	2017 £
<b>Authorised, allotted, called up and fully paid</b>		
7,500,000 (2017 - 1) ordinary shares of £1 each	<u>7,500,000</u>	<u>1</u>

During the year the parent company agreed to reduce the amount owing on its loan to the company by subscribing to 7,500,000 ordinary shares of £1 each.

### 23. 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.

### 24. 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](http://www.nottinghamcity.gov.uk).