Registered number: 07489042

HUDSON ENERGY SUPPLY UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS

COMPANY INFORMATION

Directors	J Brown (appointed 1 April 2018) P R Hellings (appointed 30 April 2019)
Company secretary	C Mason
Registered number	07489042
Registered office	3rd Floor Elder House 586-592 Elder Gate Milton Keynes MK9 1LR
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Directors' present their report for the year ended 31 March 2019.

Business review

The principal activity of Hudson Energy Supply UK Limited is the supply of electricity and gas to both the residential and commercial markets under long-term fixed price, price protected or variable price contracts. The company markets its contracts under the following trade names: Green Star Energy and Hudson Energy.

The company's operating loss for the year was £74.9m (2018: profit of £9.1m). The loss was mainly driven by two factors; the write down to fair value of forward energy contracts of £(38.6)m (2018: profit of £13.6m) and, following a review of accounts receivable, management identified collection issues which resulted in an additional write down of accounts receivable of £(35)m for the period to March 2019.

After the year end Joanne Thornton, Managing Director, left the business. She was replaced on 27 April 2019 by Paul Hellings as CEO.

On 6 June 2019 Just Energy Group Inc. (the Company's ultimate parent company) announced that it was undertaking a formal review process to evaluate strategic alternatives. An outcome of this strategic review was the decision sell the UK business (the Company). Consequently, on 9 October Just Energy announced the sale of Hudson Energy to Shell Energy Retail Limited. The Directors of the Company believe this is the best outcome for the company, its customers and its staff. The deal is expected to close before the end of 2019.

Principal risks and uncertainties

Described below are the principal risks and uncertainties that the Company can foresee. It is not an exhaustive list, as some future risks may be as yet unknown and other risks, currently regarded as immaterial, could turn out to be material.

Commodity price risk

The Company's cost to serve its retail energy customers is exposed to fluctuations in commodity prices. Although the Company enters into commodity derivative instruments with its suppliers to manage the commodity price risks, it is exposed to commodity price risk where estimated customer requirements do not match actual customer requirements or where it is not able to exactly purchase the estimated customer requirements. In such cases, the Company may suffer a loss if it is required to sell excess supply in the spot market (compared to its weighted average cost of supply) or to purchase additional supply in the spot market. Such losses could have a material adverse impact on the Company's operating results, cash flow and liquidity.

A key risk to the Company's business model is a sudden and significant drop in the commodity market price resulting in increase in customer churn, regulatory pressure and resistance on enforcement of liquidation damages and enactment of provisions to reset the customer price to current market price levels which could have significant impact on the Company's business.

Earnings seasonality and volatility

The Company's business is seasonal in nature. In addition to regular seasonal fluctuations in its earnings, there is significant volatility in its earnings associated with the requirement to mark its commodity contracts to market. The earnings volatility associated with seasonality and mark to market accounting may affect the ability of the Company to access capital and increase its liquidity risk.

Supply counterparty risk

Counterparty risk is a loss that the Company would incur if a counterparty fails to perform under its contractual obligations.

Legal and regulatory risk

Legal and regulatory risk is a potential loss that may be incurred as a result of changes in regulations or legislation affecting the Company's business model, costs or operations, as well as being a risk of potential litigation against the Company resulting in impact to the Company's cash flow.
Retail risk

Retail customer risk is a potential loss that may be incurred as a result of change in customer behaviour and from an increase in completion in the retail energy industry.

Business operations risk

Business operations risk is a potential loss occurring from an unplanned interruption or cyber-attack, manual or system errors, or business earnings risk unique to the retail energy sales industry.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Financial key performance indicators

The Company's financial key performance inducators include:

	2019	2018
	£000	£000
Gross profit	**54,432**	45,642
(Loss)/Profit for the year before taxation	**(75,085)**	9,133
EBITDA	**(74,541)**	9,552

Other key performance indicators

The Company's other key performance indicators include growth in customer base.

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

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P R Hellings
Director

Date: 22 November 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

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 judgments 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;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £73,997 thousand (2018 - profit £7,526 thousand).

Dividends amounting to £nil (2018 - £7,491 thousand) were paid during the year.

Directors

The Directors who served during the year were:

J Brown (appointed 1 April 2018)
P McCullough (appointed 28 January 2019, resigned 20 August 2019)
J Pickren (appointed 28 January 2019, resigned 30 April 2019)
J W Lewis (resigned 1 April 2018)
D D Merril (resigned 1 April 2018)
J E Thornton (resigned 28 January 2019)

Financial instruments

The Company has entered into a variety of derivative financial instruments as part of the business of purchasing and selling gas and electricity. The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Company is exposed are discussed below:

Interest rate risk

Whilst the Company is exposed to interest rate fluctuations, the associated risk is considered relatively immaterial and temporary in nature. The Company's current exposure to interest rate does not economically warrant the use of derivative instruments.

Commodity price risk

The Company is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly, thresholds for open positions in the gas and electricity portfolios which also feed a Value at Risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of the Company. The Company mitigates the exposure to variances in customer requirements that are driven by changes in expected weather conditions through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. The Company's ability to mitigate weather effects is limited by the degree to which weather conditions deviate from normal.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

Credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Company. Management factors default from credit risk in its margin expectations.

Counterparty credit risk

Counterparty credit risk represents the loss that the Company would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Company replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of the Company.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Company manages this risk by monitoring detailed cash flow forecasts on a bi-monthly basis to ensure adequate and efficient use of cash resources and credit facilities.

Supplier risk

The Company purchases the vast majority of the gas and electricity delivered to its customers through a longterm contract entered into with one supplier. To the extent that this supplier was to default on the contract, the Company would have to find new suppliers and there would be no assurance that the terms and profitability under the new arrangements would be comparable to those established.

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 and future developments

On 6 June 2019 Just Energy Group Inc. (ultimate parent company) announced that it was undertaking a formal review process to evaluate strategic alternatives. An outcome of this strategic review was the decision to sell the UK business (Hudson Energy Supply UK Limited). Consequently, on 9 October Just Energy announced the sale of the Company to Shell Energy Retail Limited. The Directors believe this is the best outcome for the company, its customers and its staff. The deal is expected to close before the end of 2019.

Auditor

The auditor, MHA MacIntyre Hudson, were appointed on 13 February 2019 and will not be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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P R Hellings
Director

Date: 22 November 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUDSON ENERGY SUPPLY UK LIMITED

Opinion

We have audited the financial statements of Hudson Energy Supply UK Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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'.

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 United Kingdom, including the Financial Reporting Council'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 related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the applicability of the going concern assumption is dependent upon the sale of the entire business to a third party purchaser. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUDSON ENERGY SUPPLY UK LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the 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 or 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 on the Financial Reporting Council's website at: 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.

Martin Herron BA ACA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Moorgate House
201 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LZ

22 November 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £000	2018 £000
Turnover	4	**437,571**	434,773
Cost of sales		**(383,139)**	(389,131)
Gross profit		**54,432**	45,642
Distribution costs		**(15,238)**	(13,988)
Administrative expenses		**(75,525)**	(36,091)
Fair value movements		**(38,593)**	13,570
Operating (loss)/profit	5	**(74,924)**	9,133
Interest receivable and similar income	9	**5**	-
Interest payable and expenses	10	**(166)**	-
(Loss)/profit before tax		**(75,085)**	9,133
Tax on (loss)/profit	11	**1,088**	(1,607)
(Loss)/profit for the financial year		**(73,997)**	7,526

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 15 to 37 form part of these financial statements.

HUDSON ENERGY SUPPLY UK LIMITED
REGISTERED NUMBER: 07489042

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note		2019 £000		2018 £000
Fixed assets					
Intangible assets	13		**2,472**		925
Tangible assets	14		**592**		533
Investments	15		**15**		15
			3,079		1,473
Current assets					
Financial instruments due after more than one year		**1,700**		-	
Debtors: amounts falling due within one year	16	**137,261**		137,497	
Financial instruments due within one year		**21,823**		13,737	
Cash at bank and in hand	17	**1,498**		13,357	
		162,282		164,591	
Creditors: amounts falling due within one year	18	**(180,619)**		(154,324)	
Financial instruments falling due within one year		**(43,407)**		-	
Net current (liabilities)/assets			**(61,744)**		10,267
Total assets less current liabilities			**(58,665)**		11,740
Financial instruments falling due after more than one year			**(4,923)**		-
			(63,588)		11,740
Provisions for liabilities					
Deferred taxation	20	**-**		(1,331)	
			-		(1,331)
Net (liabilities)/assets			**(63,588)**		10,409

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	21	**5**	5
Profit and loss account	22	**(63,593)**	10,404
		(63,588)	10,409

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

....
P R Hellings
Director

Date: 22 November 2019

The notes on pages 15 to 37 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2017	5,200	-	5,174	10,374
Profit for the year	-	-	7,526	7,526
Dividends: Equity capital	-	-	(7,491)	(7,491)
Capital reduction	-	(5,195)	5,195	-
Capital reduction	(5,195)	5,195	-	-
Total transactions with owners	(5,195)	-	(2,296)	(7,491)
At 1 April 2018	5	-	10,404	10,409
Loss for the year	-	-	(73,997)	(73,997)
At 31 March 2019	5	-	(63,593)	(63,588)

The notes on pages 15 to 37 form part of these financial statements.

1. General information

Hudson Energy Supply UK Limited is a private company limited by shares and incorporated in England and Wales, registration number 07489042. The registered office is Elder House, 3rd Floor, 586-592 Elder Gate, Central Milton Keynes, MK9 1LR.

The Company's principal activity is that of the supply of electricity to the commercial market and of electricity and gas to the residential market under long-term fixed-price, price-protected or variable-priced contracts. The Company markets its gas and electricity contracts under the following trade names: Hudson Energy and Green Star Energy.

By fixing the price of natural gas or electricity under its fixed-price or price-protection program contracts, the Company's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. The Company derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

The financial statements are presented in Sterling (£) and all values are rounded to the nearest thousand, except where indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The Company's ability to continue as a going concern for the next 12 months involves significant judgment and is dependent on the availability of sufficient access to capital generated from the operations of the business, support of its suppliers and where necessary funding from its parent company Just Energy Group Inc. In June 2019 Just Energy Group Inc. (Hudson Energy Supply UK Limited's ultimate parent company) announced that it was undertaking a formal review process to evaluatestrategic alternatives. An outcome of this strategic review was the decision to sell the UK business (Hudson Energy Supply UK Limited). On 9 October 2019, Just Energy announced the sale of Hudson Energy to Shell Energy Retail Limited. The Directors of Hudson Energy believe this is the best outcome for the company, its customers and its staff. The transfer of ownership is expected to close before the end of November 2019. The sale allows Shell Energy Retail Limited to provide sufficient liquidity to Hudson Energy in order to continue operations for the next twelve months. After considering its plans,management and the Directors have concluded that on the basis that this transaction completes as planned the Company will be able to continue trading as a going concern and hence the accounts have been prepared on this basis. However as the deal has not completed at the date of signing these financial statements, there is a material uncertainty that does cast a significant doubt over the company to continue as a going concern. At the date of signing the financial statements the Directors are highly confident that the deal will complete.

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 paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - 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.

This information is included in the consolidated financial statements of Just Energy Group, Inc. as at 31 March 2019, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and these financial statements may be obtained from that Company's website at http://www.justenergygroup.com/.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9

From 01 April 2018, the Company has applied IFRS 9 for the first time in these accounts. Disclosure of the impact of this is listed in the table below.

All hedging relationships designated under IAS 39 at 31 March 2018 met the criteria for hedge accounting under IFRS 9 at 01 April 2018 and are therefore regarded as continuing hedging relationships.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 01 April 2018.

IFRS 15

From 01 April 2018, the Company has applied IFRS 15 using the cumulative effect method.

2. Accounting policies (continued)

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

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 01 April 2018.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Statement of Financial Position (extract)

	31 March 2018 As originally presented £000	IFRS 9 £000	31 March 2018 As restated £000	1 April 2018 As restated £000
Fixed assets				
Intangible assets	925	-	925	925
Tangible assets	533	-	533	533
Investments	15	-	15	15
	1,473	-	1,473	1,473
Current assets				
Debtors	155,840	(4,606)	151,234	151,234
Cash at bank and in hand	13,357	-	13,357	13,357
Total current assets	169,197	(4,606)	164,591	164,591
Creditors: amounts falling due within one year	(154,325)	-	(154,325)	(154,325)
Total assets less current liabilities	16,345	(4,606)	11,739	11,739
Deferred taxation	(2,159)	828	(1,331)	(1,331)
Net assets	14,186	(3,778)	10,408	10,408
Capital and reserves				
Called up share capital	5	-	5	5
Profit and loss account	14,181	(3,778)	10,403	10,403
	14,186	(3,778)	10,408	10,408

2. Accounting policies (continued)

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

Statement of Comprehensive Income (extract)

	2018 As originally presented £000	IFRS 9 £000	2018 As restated £000
Turnover	434,773	-	434,773
Cost of sale	(389,131)	-	(389,131)
Distribution costs	(13,988)	-	(13,988)
Administrative costs	(31,486)	4,606	(26,880)
Fair value movements	13,570	-	13,570
Operating profit	13,738	4,606	18,344
Profit before tax	-	4,606	4,606
Tax on loss	(2,435)	828	(1,607)
Profit for the financial year	11,303	5,434	16,737
Total comprehensive income for the year	11,303	5,434	16,737

2.5 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

For energy supply, turnover is recognised on the basis of electricity and gas supplied during the year. For those customers awaiting a bill an estimate is made of the sales value of units and terms supplied between the lsat bill period date and the year end date. Any unbilled amounts are included in debtors to the extent they are considered recoverable.

64% of our Greenstar customers pay by direct debit. This means that cash can be received in advance of performance obligations, or in arrears at certain times during the year depending on the seasonality of useage. This means that a contract asset can exist in respect of an accounts receivable balance, accrued income or deferred income. Of the remaining customers, 28% elect to pay on receipt of bill and 8% pay cash advance due to having a prepayment meter.

Of our Hudson portfolio, almost all will be paying via variable direct debit. This means they would pay in arrears of the performance obligations. This also means that a contract asset can exist in respect of an accounts receivable balance, accrued income or deferred income

2. Accounting policies (continued)

2.7 Application of future accounting changes

IFRS 16 brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases.

IFRS 16, Leases ("IFRS 16"), was issued by the IASB in January 2016. This guidance brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases.

Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Furthermore, per the standard, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease.

IFRS 16 supersedes IAS 17, Leases ("IAS 17"), and its related interpretations, and is effective for periods beginning on or after January 1, 2019. The standard is required to be adopted either retrospectively or using a modified retrospective approach.

Hudson Energy Supply UK Limited will adopt IFRS 16 beginning April 1, 2019 and has elected to apply the modified retrospective approach. On initial adoption, Hudson Energy Supply UK Limited will use the following practical expedients permitted by the standard, where applicable:

Exemption for short-term leases with a remaining lease term of 12 months or less as at April 1, 2019 and low value leases, which will be accounted for as operating leases;

Using a single discount rate on a portfolio of leases with reasonably similar characteristics;

Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;

Using historical information in determining the lease term where contracts contain options to extend or terminate the lease;

Adjusting the right-of-use asset amounts for any onerous contract provisions immediately before the date of initial application; and

Hudson Energy Supply UK Limited began its assessment of existing operating leases, which primarily consist of buildings, office equipment and Smart meters. Upon implementation, Hudson Energy Supply UK Limited will record the right-of-use lease assets and related lease liabilities for existing operating leases

Adopting IFRS 16 is expected to increase Hudson Energy Supply Limited's assets and liabilities, depreciation charge, and finance costs, while reducing operating costs. Hudson Energy Supply UK Limited estimate that the undiscounted asset and liability as at 31 March 2020 will be £2m.

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development expenditure	-	Amortised over estimated useful life only when the asset is complete
Software	-	3 years straight line

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold improvements	-		Term of lease
Fixtures and fittings	-	20%	reducing balance
Office equipment	-	20%	reducing balance
Computer equipment	-	30%	reducing balance

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 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.

2.15 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.

2.16 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.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent

2. Accounting policies (continued)

2.16 Financial instruments (continued)

they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

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

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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.

2.17 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.21 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.22 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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

Preparation of the financial statements requires the directors to make significant judgments and estimates that affect the reported amounts of assets, liabilities, income, expenses, and the disclosure of contingent liabilities. The judgments and estimates are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The judgments and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Judgments made by the directors that have a significant impact on the financial statements relate to the following:

Trade receivables

The Company reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of comprehensive income. In particular, judgment by the directors is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and the fair value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Unbilled receivables

It is the aim of the Company to generate a bill every month for all electricity and gas customers. Revenue is recognised on the basis of electricity and gas supplied during the accounting period using the monthly customer billed data where available. Unbilled amounts are recognised based on actual customer tariff rates and industry expected settlement data per customer for each customer from their last bill date to the period end date. The industry expected settlement data is the estimated quantity the industry system deems the individual suppliers, including the Company, to have supplied.

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgment is required to determine the amount of deferred tax assets and liabilities that can be recognised, based upon the likely timing and the level of future taxable income realised.

Useful life of key tangible and intangible fixed assets

The amortisation method and useful lives reflect the pattern in which management expects the assets' future economic benefits to be consumed by the Company.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
GSE (Residential) Gas	**119,415**	2,036
GSE (Residential) Electricity	**152,697**	154,203
Hudson (Commerical) Gas	**10,695**	128,479
Hudson (Commercial) Electricity	**154,763**	150,055
	437,570	434,773

All turnover arose within the United Kingdom.

The future revenue related to performance obligations that are unsatisfied (or partially unsatisified) at the year end is included in deferred income. Please see note 18.

There is no revenue recognised in relation to customer contracts where the performance obligations were fulfilled in the previous periods.

5. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	**149**	136
Amortisation of intangible assets, including goodwill	**229**	284
Exchange differences	**50**	-
Defined contribution pension cost	**379**	220

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**118**	48

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates in respect of:		
Preparation of the accounts	**5**	-
All other services	**3**	-
	8	-

7. Employees

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

	2019 £000	2018 £000
Wages and salaries	**4,137**	4,083
Social security costs	**607**	474
Cost of defined contribution scheme	**379**	220
	5,123	4,777

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

	2019 No.	2018 No.
Operations	**148**	124

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	**211**	243
Company contributions to defined contribution pension schemes	**13**	9
	224	252

During the year retirement benefits were accruing to 1 Director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £211,000 (2018 - £243,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £13,000 (2018 - £9,000).

During the year 1 director received shares under the long term incentive schemes *(2018 -1)*

No directors during the year exercised share options in the Company's parent (2018 - NIL).

9. Interest receivable

	2019 £000	2018 £000
Interest income	**5**	-

10. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	**166**	-

11. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	**(746)**	(94)
Adjustments in respect of previous periods	**989**	-
Total current tax	**243**	(94)
Deferred tax		
Origination and reversal of timing differences	**(1,331)**	1,701
Total deferred tax	**(1,331)**	1,701
Taxation on (loss)/profit on ordinary activities	**(1,088)**	1,607

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	**(75,085)**	9,133
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(14,266)**	1,735
Effects of:		
Adjustments to tax charge in respect of prior periods	**989**	-
Other differences leading to an increase / (decrease) in the tax charge	**12,189**	(128)
Total tax charge for the year	**(1,088)**	1,607

12. Dividends

	2019 £000	2018 £000
Dividends paid	-	7,491

13. Intangible assets

	Development expenditure £000	Computer software £000	Total £000
Cost			
At 1 April 2018	582	2,704	3,286
Additions - external	-	1,777	1,777
At 31 March 2019	582	4,481	5,063
Amortisation			
At 1 April 2018	-	2,362	2,362
Charge for the year	-	229	229
At 31 March 2019	-	2,591	2,591
Net book value			
At 31 March 2019	582	1,890	2,472
At 31 March 2018	582	342	924

14. Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Total £000
Cost			
At 1 April 2018	**101**	**840**	**941**
Additions	**-**	**208**	**208**
At 31 March 2019	**101**	**1,048**	**1,149**
Depreciation			
At 1 April 2018	**26**	**382**	**408**
Charge for the year on owned assets	**12**	**137**	**149**
At 31 March 2019	**38**	**519**	**557**
Net book value			
At 31 March 2019	**63**	**529**	**592**
At 31 March 2018	75	458	533

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 April 2018	**15**
At 31 March 2019	**15**

15. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Just Energy (Ireland) Limited	UK	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves €000	Profit/(Loss) €000
Just Energy (Ireland) Limited	(6,621)	(4,800)

16. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	**42,672**	11,343
Amounts owed by group undertakings	**8,583**	4,222
Other debtors	**15,757**	3,412
Prepayments and accrued income	**68,782**	118,520
Tax recoverable	**1,467**	-
	137,261	137,497

IIncluded within prepayments and accrued income is gross contract assets of £83,073 thousand (2018: £104,706 thousand) less provisions against these assets of £13,506 thousand (2018: £nil) relating to accrued income. Also within this balance is gross contract assets of £4,964 thousand (2018: £5,396 thousand) relating to prepaid commission over which there has been no impairment.

16. Debtors (continued)

Impairments losses have been recognised on assets arising from the Company's contracts with customers as follows:

	2019 £000	2018 £000
Impairment losses on receivables from contracts with customers	**37,620**	15,949
Impairment losses on contract assets	**13,507**	-
	51,127	15,949

17. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	**1,498**	13,357

18. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**21,251**	15,287
Amounts owed to group undertakings	**51,317**	17,036
Other taxation and social security	**2,851**	2,010
Other creditors	**1,589**	426
Accruals and deferred income	**103,611**	119,565
	180,619	154,324

Trade creditors amounting to £19,710 thousand (2018 - £11,863 thousand) are secured via debenture containing fixed and floating charges.

Included in deferred income is contract liabilities of £23,053 thousand (2018: £19,365 thousand). The prior year contract liabilities have been released to revenue in the year, as the performance obligations were completed.

19. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at fair value through profit or loss	**23,523**	13,737
Financial assets that are debt instruments measured at amortised cost	**129,345**	137,420
	152,868	151,157
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(48,330)**	-
Financial liabilities measured at amortised cost	**(154,715)**	(132,950)
	(203,045)	(132,950)

Financial assets measured at fair value through profit or loss comprise derivative financial instruments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group undertakings and other creditors.

Fair values of assets and liabilities:

The fair value of derivative financial instruments represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing rates at the year end. Significant differences can arise between the fair value and the carrying amount of financial instruments that are recognised at historical cost amounts.

The gain/(loss) related to the Company's derivative financial instruments classified as fair value through profit or loss and recorded on the Company's Statement of financial position as other debtors/other creditors, with their offsetting values recorded in change in fair value of derivative instruments is £(38,593 thousand) (2018 - £13,570 thousand).

20. Deferred taxation

	2019	2018
	£000	£000
At beginning of year	**(1,331)**	370
Credited/(charged) to profit or loss	**1,331**	(1,701)
At end of year	**-**	(1,331)

The provision for deferred taxation is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	**-**	90
Change in fair value of derivative	**-**	(2,249)
Bad debt provision	**-**	828
	-	(1,331)

21. Share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
5,200,000 (2018 - 5,200,000) Ordinary shares of £0.001 each	**5**	5

During 2018 the Directors agreed to a reduction of capital via a transfer of profit. Appropriate legal applications were made to allow for this.

22. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently adminstered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £378 thousand (2018 - £220 thousand). Contributions totalling £NIL (2018 - £NIL) were payable to the fund at the reporting date.

24. Commitments under operating leases

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

	2019	2018
	£000	£000
Not later than 1 year	**291**	275
Later than 1 year and not later than 5 years	**224**	460
	515	735

25. Capital disclosure

The Company defines capital as shareholders' equity. The company's objectives when managing capital are to maintain flexibility by:
(i) enabling it to operate efficiently;
(ii) providing liquidity and access to capital for growth opportunities; and
(iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. The Company's capital management objectives have remained unchanged from the prior year.

26. Ultimate controlling party

The Company is a wholly owned subsidiary of Hudson Energy Holdings UK Limited, a company incorporated in England and Wales.

The Company's ultimate controlling party is Just Energy Group Inc., a company incorporated in Canada. Copies of the consolidated financial statements may be obtained from its website at http://www.justenergygroup.com/