

REGISTERED NUMBER: OC386299 (England and Wales)

**REPORT OF THE MEMBERS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
FOR  
L1 ENERGY (UK) LLP**



**L1 ENERGY (UK) LLP**

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FOR THE YEAR ENDED 31 MARCH 2020**

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**L1 ENERGY (UK) LLP**  
**GENERAL INFORMATION**  
**FOR THE YEAR 31 MARCH 2020**

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**MEMBERS:**

S Roache  
D Avdeev  
Lord Browne of Madingley (retired 2 March 2020)  
F Sommer  
A Azarnov (retired 30 April 2019)  
Letterone Corporate Partner S.à r.l.  
B Keane  
M Dominik

**REGISTERED OFFICE:**

Devonshire House  
One Mayfair Place  
London  
W1J 8AJ

**REGISTERED NUMBER:**

OC386299 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

**L1 ENERGY (UK) LLP**  
**MEMBERS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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The Members of L1 Energy (UK) LLP (the "Partnership") present their report (the "Members' Report"), together with the audited financial statements (the 'Financial Statements') of the Partnership for the year ended 31 March 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Partnership during was the provision of investment advisory and intermediation services to Letterone Corporate Advisor Limited, a company incorporated and registered in Gibraltar. The Partnership forms a part of the Letterone Holdings Group, a privately owned Luxembourg-based international investment business, that is headed by Letterone Holdings S.A.

**RESULTS AND REVIEW OF THE FINANCIAL YEAR/PERIOD**

The Partnership's profit for the financial year/period before Members' remuneration and profit share was \$7,789,061 (2019: \$11,293,336). The Partnership's balance sheet as detailed on page 7 shows a satisfactory position, with net assets of \$1,040,003 (2019: \$1,060,003).

The results for the year and the financial position at the year-end were considered satisfactory by the Members. The Partnership has seen good progress in business development in the period and the Members are confident that with a new change in focus and future development, this will continue in the year ending 31 March 2021.

**MEMBERS**

The Members of the Partnership during the year under review and up to the date of this report are as stated on page 1.

During the year under review and up to the date of this report the Designated Members of the Partnership were Letterone Corporate Partner S.à r.l. and S Roache.

**MEMBERS' PROFIT ALLOCATION**

Any profits are shared among the Members as determined by the Management Committee of the Partnership in accordance with the Limited Liability Partnership Deed in respect of the Partnership dated 2 March 2015 (the "Partnership Agreement").

**POLICIES FOR MEMBERS' DRAWINGS, PROFIT ALLOCATIONS AND CAPITAL**

Policies for Members' drawings, profit allocations, capital contributions and repayment of Members' capital are governed by the Partnership Agreement. In summary, the capital is contributed by each Member upon admission to the Partnership and is repayable upon the death, retirement or expulsion of the Member or in such other cases provided under, and in any event subject to the terms and conditions of, the Partnership Agreement. Each Member receives a monthly drawing in anticipation of future profits and any profit allocations.

**FUTURE DEVELOPMENTS**

The Partnership has changed its focus from business development to advising the Letterone Group on management of its sole E&P investment, a 33% stake in Wintershall Dea. The members are optimistic with the future development of the Partnership.

**FINANCIAL RISK MANAGEMENT**

The principal risk or uncertainty facing the Partnership is that relating to foreign exchange risk. Foreign exchange risk arises as the value of future transactions, monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Functional and Presentational currency is USD.

The Management Committee monitors the foreign exchange exposure on all foreign currency denominated assets and liabilities.

**COVID-19**

The Covid-19 coronavirus, which emerged and spread to the UK in early 2020, has now become a global pandemic which has the potential to cause widespread market and economic disruption. In the short-term, the Partnership could be adversely impacted by increased operational risks related to employee availability. The full impact of the Covid-19 coronavirus remains unclear, however, a long-term adverse impact to the Partnership is not expected. In order to reduce the risk to employees, the Partnership has contingency plans in place for home-working and is following Public Health England guidelines, as they develop.

The principal risks or uncertainties facing the Partnership remain those relating to market, reputational and competition risks. The Partnership is not exposed to any significant price, credit, liquidity or cash flow risks.

The Members have assessed the current situation the Partnership is facing and deem no adjustment to the financial statements balances is required.

## **L1 ENERGY (UK) LLP**

### **MEMBERS' REPORT(continued) FOR THE YEAR ENDED 31 MARCH 2020**

#### **KEY PERFORMANCE INDICATORS ("KPIs")**

Given the straightforward nature of the business, the Members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors do however review management information on an ongoing basis to assess performance.

#### **GOING CONCERN**

The Partnership has adequate financial resources and as a consequence, the Members believe that the Partnership is well placed to manage its business risks successfully. The Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Members' report and financial statements.

#### **STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Members are responsible for preparing the Members Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited liability partnerships, the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Partnership's auditors are unaware, and each Member has taken all the steps that he ought to have taken as a Member in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed

#### **ON BEHALF OF THE MEMBERS:**

  
S. Roache - Designated Member

Date: 23 June 2020

# ***Independent auditors' report to the members of L1 Energy (UK) LLP***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, L1 Energy (UK) LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Report of the Members and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Income Statement, the Cash Flow Statement, the Statement of Changes in Members' Interests for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the members for the financial statements*

As explained more fully in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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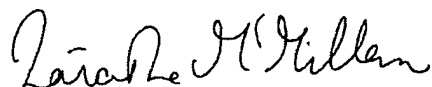
## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 June 2020

**L1 ENERGY (UK) LLP**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

*(All amounts in USD)*

	Note	Year ended 31 March 2020 USD	Period ended 31 March 2019 USD
<b>TURNOVER</b>		<b>14,064,409</b>	20,617,443
Administrative expenses		<b>6,034,192</b>	9,423,208
Other operating expense/(income)		<b>241,156</b>	(99,101)
<b>OPERATING PROFIT</b>	<b>5</b>	<b><u>7,789,061</u></b>	<b><u>11,293,336</u></b>
<b>PROFIT FOR THE FINANCIAL YEAR/PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<b><u>7,789,061</u></b>	<b><u>11,293,336</u></b>
Members' remuneration charged as an expense		<b><u>(3,855,333)</u></b>	<b><u>(5,913,778)</u></b>
<b>PROFIT FOR THE FINANCIAL YEAR/PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<b><u>3,933,728</u></b>	<b><u>5,379,558</u></b>

**STATEMENT OF COMPREHENSIVE INCOME**

The Partnership has no other comprehensive income for the current or prior periods other than the results as set out above.

The notes form part of these financial statements



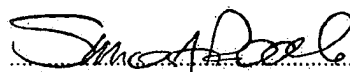
**L1 ENERGY (UK) LLP**

**BALANCE SHEET  
AS AT 31 MARCH 2020**

*(All amounts in USD)*

		<b>31 March 2020 USD</b>	<b>31 March 2019 USD</b>
	<b>Note</b>		
<b>FIXED ASSETS</b>			
Intangible assets	8	<b>3,324</b>	2,010
Tangible assets	9	<b>73,058</b>	51,221
		<b>76,382</b>	53,231
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	10	<b>3,725,156</b>	4,686,947
Cash at bank		<b>1,505,026</b>	7,911,004
		<b>5,230,182</b>	12,597,951
<b>Creditors: amounts falling due within one year</b>	11	<b>4,266,561</b>	11,591,179
<b>NET CURRENT ASSETS</b>		<b>963,621</b>	1,006,772
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>1,040,003</b>	1,060,003
<b>REPRESENTED BY:</b>			
<b>MEMBERS' EQUITY</b>			
Members' capital		<b>1,040,001</b>	1,060,001
Members' other reserves		<b>2</b>	2
		<b>1,040,003</b>	1,060,003
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to Members	11	<b>2,681,648</b>	2,548,618
Members' other interests		<b>1,040,003</b>	1,060,003
		<b>3,721,651</b>	3,608,621

The financial statements were approved by the Members of the Partnership on 23 June 2020 and were signed by:

  
S Roache  
Designated Member

Registered Number OC386299 (England and Wales)

The notes form part of these financial statements

# L1 ENERGY (UK) LLP

## STATEMENT OF CHANGES IN MEMBERS' INTERESTS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in USD)

	Members' capital (classified as equity)	Other Reserves	Total Members' other interests	Loans and other amounts due to members	Total Members' other interests
	USD	USD	USD	USD	USD
Members' interests as at 1 April 2019	1,060,001	2	1,060,003	2,548,618	3,608,621
Members' remuneration charged as an expense	-	-	-	3,855,333	3,855,333
Profit for the financial year available for discretionary division among Members	-	3,933,728	3,933,728	-	3,933,728
Members' interests after profit for the year	1,060,001	3,933,730	4,993,731	6,403,951	11,397,682
Allocated profit	-	(3,933,728)	(3,933,728)	3,933,728	-
Repayment of capital	(20,000)	-	(20,000)	-	(20,000)
Drawings	-	-	-	(7,656,031)	(7,656,031)
Amounts due to Members	-	-	-	2,681,648	2,681,648
Members' interests at 31 March 2020	1,040,001	2	1,040,003	2,681,648	3,721,651

The notes form part of these financial statements.

**L1 ENERGY (UK) LLP**

**STATEMENT OF CHANGES IN MEMBERS' INTERESTS  
FOR THE PERIOD ENDED 31 MARCH 2019**

*(All amounts in USD)*

	<b>Members' capital (classified as equity)</b>	<b>Other Reserves</b>	<b>Total Members' other interests</b>	<b>Loans and other amounts due to/ (from) members</b>	<b>Total Members' other interests</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Members' interests as at 1 January 2018	<b>1,080,001</b>	<b>1,968,581</b>	<b>3,048,582</b>	<b>132,530</b>	<b>3,181,112</b>
Members' remuneration charged as an expense	-	-	-	5,913,778	5,913,778
Profit for the financial period available for discretionary division among Members	-	5,379,558	5,379,558	-	5,379,558
Members' interests after profit for the period	<b>1,080,001</b>	<b>7,348,139</b>	<b>8,428,140</b>	<b>6,046,308</b>	<b>14,474,448</b>
Allocated profit	-	(7,348,137)	(7,348,137)	7,348,137	-
Repayment of capital	(20,000)	-	(20,000)	-	(20,000)
Drawings	-	-	-	(9,795,840)	(9,795,840)
Amounts due to former Members	-	-	-	(1,049,987)	(1,049,987)
Amounts due to Members	-	-	-	2,548,618	2,548,618
Members' interests at 31 March 2019	<b>1,060,001</b>	<b>2</b>	<b>1,060,003</b>	<b>2,548,618</b>	<b>3,608,621</b>

The notes form part of these financial statements

**L1 ENERGY (UK) LLP**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

*(All amounts in USD)*

	Note	Year ended 31 March 2020 USD	Period ended 31 March 2019 USD
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,378,061	17,209,599
Net cash generated from operating activities		<u>2,378,061</u>	<u>17,209,599</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(55,357)	(15,873)
Purchase of intangible fixed assets		(2,664)	-
Net cash used in investing activities		<u>(58,021)</u>	<u>(15,873)</u>
<b>Cash flows from financing activities</b>			
<b>Transactions with Members and former Members</b>			
Payments to Members		(7,656,031)	(9,795,840)
Payments to former Members		(1,049,987)	-
Repayment of capital to Members		(20,000)	(20,000)
Net cash used in financing activities		<u>(8,726,018)</u>	<u>(9,815,840)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,405,978)</b>	<b>7,377,886</b>
<b>Cash and cash equivalents at beginning of year/period</b>	2	<b>7,911,004</b>	<b>533,118</b>
<b>Cash and cash equivalents at end of year/period</b>	2	<b><u>1,505,026</u></b>	<b><u>7,911,004</u></b>

The notes form part of these financial statements

**L1 ENERGY (UK) LLP**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

1. CASH GENERATED FROM OPERATIONS	Year ended 31 March 2020 USD	Period ended 31 March 2019 USD
Profit for the financial year/period available for discretionary division among Members	3,933,728	5,379,558
<b>Adjustments for:</b>		
Members' remuneration charged as an expense	3,855,333	5,913,778
Depreciation and amortisation charges	34,870	44,654
	<u>961,791</u>	<u>(178,992)</u>
Decrease(increase) in debtors	(6,407,661)	6,050,601
(Decrease)/increase in creditors		
<b>Cash generated from operating activities</b>	<u>2,378,061</u>	<u>17,209,599</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year/period ended	31 March 2020 USD	31 March 2019 USD
Cash and cash equivalents	1,505,026	7,911,004
Cash and cash equivalents	<u>1,505,026</u>	<u>7,911,004</u>

## L1 ENERGY (UK) LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 1. STATUTORY INFORMATION

L1 Energy (UK) LLP is registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements are prepared on the going concern basis, under the historical cost convention, modified to include certain financial instruments at fair value, and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018. The principal accounting policies are set out below and have been consistently applied throughout the period.

The financial statements are presented in US Dollar (USD), which is the functional currency because the greater value of transactions, are in USD.

##### **Comparatives**

The financial statements prepared for the current year to 31 March 2020 are for a period of 12 months and the financial statements prepared for the previous period to 31 March 2019 were for a period of 15 months.

##### **Turnover**

Turnover represents fees receivable for the provision of investment advisory and intermediation services to Letterone Corporate Advisor Limited, a company incorporated in Gibraltar. Turnover is recognised when the Partnership obtains the right for consideration in exchange for its performance.

##### **Financial instruments**

The partnership has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the partnership's balance sheet when the partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legal enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

L1 ENERGY (UK) LLP

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES – continued

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

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

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the partnership's contractual obligations expire or are discharged or cancelled.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Members' allocation**

A member's share in the income statement for the period is accounted for as an allocation of profits. Where such shares are allocated automatically, these are treated as members' remuneration charged as an expense to the income statement. Discretionary allocations are recognised when formally approved by the management committee and treated as an appropriation of equity amounts. Any unpaid allocated profits and drawings in excess of profits allocated are included within loans and other amounts due to/from members.

**Expenses**

Expenses have been recognised on an accruals basis.

**Intangible fixed assets**

Intangible assets are stated at cost less accumulated depreciation. Amortisation is calculated using the straight line method to allocate the depreciable amount to their residual values over their estimated lives as follows:

Computer Software - 3 years

Amortisation is charged to Administrative expenses in the income statement.

# L1 ENERGY (UK) LLP

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2020

### 2. ACCOUNTING POLICIES – continued

#### Tangible fixed assets

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method to allocate the depreciable amount to their residual values over their estimated lives as follows:

Furniture and Equipment - 3 to 5 years

Depreciation is charged to Administrative expenses in the income statement.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into USD at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the members, no critical judgements or accounting estimates have been made in the preparation of these financial statements.

### 4. EMPLOYEE INFORMATION

	Year ended 31 March 2020 USD	Period ended 31 March 2019 USD
Wages and salaries	1,832,072	3,435,753
Social security costs	245,872	449,537
Pension costs	47,933	72,400
Other short term employment benefits	39,922	56,503
	<u>2,165,799</u>	<u>4,014,193</u>

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

	Year ended 31 March 2020 Number	Period ended 31 March 2019 Number
Investment professionals	2	2
Administration and central functions	4	6
	<u>6</u>	<u>8</u>

The Partnership operates a stakeholder defined contribution scheme for the benefit of the employees. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year/period amounted to \$47,933 (2019: \$72,400).

### 5. OPERATING PROFIT

	Year ended 31 March 2020 USD	Period ended 31 March 2019 USD
The operating profit is stated after charging:		
Depreciation - owned assets	33,520	34,229
Computer software amortisation	1,350	10,425
<b>Fees Payable to the Partnership's Auditor</b>		
Auditors' remuneration for the audit of the partnership	9,063	15,653
Non audit services: Tax compliance	46,782	121,565
LLP Members' personal returns	49,145	76,569
Other Services	46,695	22,000
	<u>145,685</u>	<u>235,752</u>



**L1 ENERGY (UK) LLP**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020**

<b>6. INFORMATION IN RELATION TO MEMBERS</b>	<b>Year ended 31 March 2020 USD</b>	<b>Period ended 31 March 2019 USD</b>
The amount of profit for the year/period ended 31 March 2020 and 31 March 2019 attributable to the Members with the largest entitlement was	<b>2,601,900</b>	5,912,368
The average number of members during the year/period was	<b>7</b>	10
<p>The Partnership divides profit according to the Limited Liability Partnership Deed in respect of the Partnership dated 2 March 2015 (the 'Partnership Agreement'), whereby profits are allocated according to the fixed profit shares with any remaining profit or loss then allocated at the discretion of the Management Committee of the Partnership. All partners are considered to be key management personnel. No other employees are considered key management personnel.</p> <p>Key management personnel received total compensation of \$7,885,544.</p>		
<b>7. TAXATION</b>		
<p>No provision has been made for taxation in the financial statements. Each Member is exclusively liable for any taxation liabilities arising out of their interest in the Partnership. Taxation is assessed on the individual Members and not on the Partnership.</p>		
<b>8. INTANGIBLE ASSETS</b>	<b>Computer Software USD</b>	
<b>COST</b>		
At 1 April 2019		28,950
Additions		2,664
At 31 March 2020		31,614
<b>ACCUMULATED AMORTISATION</b>		
At 1 April 2019		26,940
Charge for the year		1,350
At 31 March 2020		28,290
<b>NET BOOK VALUE</b>		
At 31 March 2020		3,324
At 31 March 2019		2,010
<b>9. TANGIBLE ASSETS</b>	<b>Fixtures &amp; Equipment USD</b>	
<b>COST</b>		
At 1 April 2019		151,983
Additions		55,357
At 31 March 2020		207,340
<b>ACCUMULATED DEPRECIATION</b>		
At 1 April 2019		100,762
Charge for the year		33,520
At 31 March 2020		134,282
<b>NET BOOK VALUE</b>		
At 31 March 2020		73,058
At 31 March 2019		51,221

**L1 ENERGY (UK) LLP**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 MARCH 2020**

<b>10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>31 March 2020 USD</b>	<b>31 March 2019 USD</b>
Amounts due from group undertakings	192	287,092
Amounts due from related parties	5,733	99,100
Other debtors	124,156	39,391
Prepayments and accrued income from related parties	3,595,075	4,261,364
	<u>3,725,156</u>	<u>4,686,947</u>
<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>31 March 2020 USD</b>	<b>31 March 2019 USD</b>
Trade creditors	649,607	80,530
Amounts due to Members	2,681,648	2,548,618
Amounts due to former Members	-	1,049,987
Amounts due to group undertakings	-	6,012,819
Amounts due to related parties	142,055	-
Social security and other taxes	539,914	946,455
Accrued expenses	251,564	951,536
Other creditors	1,773	1,234
	<u>4,266,561</u>	<u>11,591,179</u>

Trade Creditor terms are 15 to 30 days. All creditors are unsecured.

# L1 ENERGY (UK) LLP

## NOTES TO THE FINANCIAL STATEMENTS - continued

### FOR THE YEAR ENDED 31 MARCH 2020

#### 12. RELATED PARTY DISCLOSURES

The Partnership charged fees for investment advisory and intermediation services totalling \$14,064,409 (2019: \$20,617,443) to Letterone Corporate Advisor Limited, a company incorporated and registered in Gibraltar. As at 31 March 2020, the balance due from Letterone Corporate Advisor Limited to the Partnership was \$3,526,409 (2019: \$4,153,460) and this amount is included within accrued income in note 10.

During the year profits of \$2,681,648 (2019: USD 15,760) were allocated by the Partnership to Letterone Corporate Partner S.à r.l. As at 31 March 2020, the balance due to Letterone Corporate Partner S.à r.l. \$2,681,648 (2019: \$13,060) and is included within amounts due to members in note 11.

The balance sheet also contains the following balances with Letterone Holdings S.A. (the ultimate parent) and its subsidiaries and L1 Retail (UK) LLP:

	2020 USD	2019 USD
L1 Retail (UK) LLP	5,733	-
L1 Energy Limited	-	286,000
L1 Energy Capital (USA) S.à r.l.	192	192
L1 Energy Holdings Limited	-	(12,819)
Letterone Corporate Advisor Limited	-	(6,000,000)

Letterone Holdings S.A. and its subsidiaries and L1 Retail (UK) LLP are considered as related parties as they share the same ultimate controlling party, being Letterone Holdings S.A.

The balance sheet contains the following balances with Letterone Treasury Services S.A.:

	2020 USD	2019 USD
Letterone Treasury Services S.A.	(142,055)	99,100

The income statement includes the following transactions with Letterone Treasury Services S.A.

	2020 USD	2019 USD
Realised loss on GBP currency hedge	(99,100)	-
Unrealised (loss)/gain on GBP currency hedge	(142,055)	99,100

Letterone Treasury Services S.A. and L1 Energy (UK) LLP are considered as related parties as they have common management.

#### 13. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Partnership's immediate parent undertaking is Letterone Corporate Partner S.à r.l, a company incorporated in Luxembourg.

The Partnership is included in the consolidated accounts of Letterone Holdings S.A., forming at once the largest and the smallest body of undertakings of which the Company (or "Partnership") forms a part as an indirect subsidiary undertaking. The registered office of this company is located at 1-3, Boulevard de la Foire, L-1528 Luxembourg, and the consolidated financial statements are published in Luxembourg.