

REGISTERED NUMBER: OC386299 (England and Wales)

**REPORT OF THE MEMBERS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
FOR
L1 ENERGY (UK) LLP**

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L1 ENERGY (UK) LLP
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FOR THE YEAR ENDED 31 MARCH 2021

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L1 ENERGY (UK) LLP
GENERAL INFORMATION
FOR THE YEAR 31 MARCH 2021

MEMBERS:

S Roache
D Avdeev
F Sommer
Lord Browne of Madingley (retired 2 March 2020)
Letterone Corporate Partner S.à r.l.
B Keane (retired 29 July 2020)
M Dominik (retired 29 July 2020)
D Akhvlediani (appointed 1 January 2021)
T Summers (appointed 1 April 2021)

REGISTERED OFFICE:

Devonshire House
One Mayfair Place
London
W1J 8AJ

REGISTERED NUMBER:

OC386299 (England and Wales)

INDEPENDENT AUDITORS:

Ernst & Young LLP
1 More London Place
London
SE1 2AF

L1 ENERGY (UK) LLP
MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

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, headed by Letterone Holdings S.A.

RESULTS AND REVIEW OF THE FINANCIAL YEAR

The Partnership's profit for the financial year before Members' remuneration and profit share was \$1,946,680 (2020: \$7,789,061). The Partnership's balance sheet as detailed on page 8 shows a satisfactory position, with net assets of \$1,021,002 (2020: \$1,040,003).

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 2022.

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's primary focus is on advising the Letterone Group on management of its sole E&P investment, a 33% stake in Wintershall Dea. In addition, the Partnership has initiated business development in the sphere of low carbon energy and circular economy. 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

During the year, the COVID-19 coronavirus emerged and spread to the UK and became a global pandemic. The pandemic has caused widespread market and economic disruption. The impact of COVID-19 on the company continues to be limited and the Members believe that in the long run, an adverse impact to the Company is not expected. In order to reduce the risk to the employees and enable them to operate fully without impacting their effectiveness, the Company has enacted contingency plans for working from home and following Public Health England guidelines as they develop.

L1 ENERGY (UK) LLP

MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2021

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 members 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 a period of twelve months following the date of this report. Additionally, if required, financial support would be made available by the ultimate parent company. 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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.

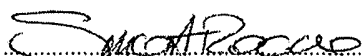
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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, Ernst & Young 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: 15 July 2021

Independent Auditor's Report to the Members of L1 ENERGY (UK) LLP

Opinion

We have audited the financial statements of L1 ENERGY (UK) LLP for the year ended 31 March 2021 which comprise of the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Members' Interest and the Cash Flows Statement and the related Notes 1 to 14, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 below. We are 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, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report. 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of L1 ENERGY (UK) LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities set out on page 3, the Members 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 Members 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 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 partnership 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are FRS 102 and the Companies Act 2006 as applied to limited liability partnerships.
- We understood how the partnership is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation:
 - minutes of meetings of the Members of the partnership held during the year;
 - the group Anti-Bribery Policy setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
 - the group Know Your Client Policy setting out the key principles and requirements for all clients in relation to compliance with laws and regulations.

Independent Auditor's Report to the Members of L1 ENERGY (UK) LLP (continued)

- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the controls that the partnership established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the partnership applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved substantive testing of revenue, test of revenue to cash receipts, review of service agreements and limited liability partnership deed, test of profit allocations made by the partnership, confirmations of balances with the customers and suppliers, testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and check compliance with accounting and other policies.

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

Use of our report

This report is made solely to the Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Oxana Dorrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 July 2021

L1 ENERGY (UK) LLP
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in USD)

		Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
	Note		
TURNOVER		8,743,153	14,064,409
Administrative expenses		6,962,266	6,034,192
Other operating expense/(income)		(165,793)	241,156
OPERATING PROFIT	5	<u>1,946,680</u>	<u>7,789,061</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>1,946,680</u>	<u>7,789,061</u>
Members' remuneration charged as an expense		<u>(1,224,706)</u>	<u>(3,855,333)</u>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>721,974</u>	<u>3,933,728</u>

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.

L1 ENERGY (UK) LLP
BALANCE SHEET
AS AT 31 MARCH 2021

(All amounts in USD)

	Note	31 March 2021 USD	31 March 2020 USD
FIXED ASSETS			
Intangible assets	8	1,773	3,324
Tangible assets	9	51,108	73,058
		<u>52,881</u>	<u>76,382</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	1,655,694	3,725,156
Cash at bank		1,019,194	1,505,026
		<u>2,674,888</u>	<u>5,230,182</u>
Creditors: amounts falling due within one year	11	1,706,767	4,266,561
NET CURRENT ASSETS		<u>968,121</u>	<u>963,621</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>1,021,002</u>	<u>1,040,003</u>
REPRESENTED BY:			
MEMBERS' EQUITY			
Members' capital		1,021,001	1,040,001
Members' other reserves		1	2
		<u>1,021,002</u>	<u>1,040,003</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to Members	11	787,846	2,681,648
Members' other interests		1,021,002	1,040,003
		<u>1,808,848</u>	<u>3,721,651</u>

The financial statements were approved by the Members of the Partnership on 15 July 2021 and were signed by:


S Roache
Designated Member

Registered Number OC386299 (England and Wales)

L1 ENERGY (UK) LLP
STATEMENT OF CHANGES IN MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 MARCH 2021

(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 2020	1,040,001	2	1,040,003	2,681,648	3,721,651
Members' remuneration charged as an expense	-	-	-	1,224,706	1,224,706
Profit for the financial year available for discretionary division among Members	-	721,974	721,974	-	721,974
Members' interests after profit for the year	1,040,001	721,976	1,761,977	3,906,354	5,668,331
Allocated profit	-	(721,975)	(721,975)	721,975	-
Repayment of capital	(20,000)	-	(20,000)	-	(20,000)
Capital contribution from partner	1,000	-	1,000	-	1,000
Drawings	-	-	-	(3,482,760)	(3,482,760)
Amounts due to former members	-	-	-	(357,723)	(357,723)
Amounts due to Members	-	-	-	787,846	787,846
Members' interests at 31 March 2021	1,021,001	1	1,021,002	787,846	1,808,848

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/ (from) members	Total Members' other interests
	USD	USD	USD	USD	USD
Members' interests 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

L1 ENERGY (UK) LLP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in USD)

	Note	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
Cash flows from operating activities			
Cash generated from operations	1	3,383,155	2,378,061
Net cash generated from operating activities		<u>3,383,155</u>	<u>2,378,061</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,504)	(55,357)
Purchase of intangible fixed assets		-	(2,664)
Net cash used in investing activities		<u>(9,504)</u>	<u>(58,021)</u>
Cash flows from financing activities			
Transactions with Members and former Members			
Payments to Members		(3,482,760)	(7,656,031)
Payments to former Members		(357,723)	(1,049,987)
Repayment of capital to Members		(20,000)	(20,000)
Capital contribution from partner		1,000	-
Net cash used in financing activities		<u>(3,859,483)</u>	<u>(8,726,018)</u>
Net decrease in cash and cash equivalents		<u>(485,832)</u>	<u>(6,405,978)</u>
Cash and cash equivalents at beginning of year	2	1,505,026	7,911,004
Cash and cash equivalents at end of year	2	<u>1,019,194</u>	<u>1,505,026</u>

L1 ENERGY (UK) LLP
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

1. CASH GENERATED FROM OPERATIONS	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
Profit for the financial year available for discretionary division among Members	721,974	3,933,728
Adjustments for:		
Members' remuneration charged as an expense	1,224,706	3,855,333
Depreciation and amortisation charges	33,005	34,870
	<u>2,069,462</u>	<u>961,791</u>
Decrease in debtors	(665,992)	(6,407,661)
Decrease in creditors		
Cash generated from operating activities	<u>3,383,155</u>	<u>2,378,061</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 ended	31 March 2021 USD	31 March 2020 USD
Cash and cash equivalents	1,019,194	1,505,026
Cash and cash equivalents	<u>1,019,194</u>	<u>1,505,026</u>

L1 ENERGY (UK) LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

Going concern

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 a period of twelve months following the date of this report. Additionally, if required, financial support would be made available by the ultimate parent company. Accordingly, they continue to adopt the going concern basis in preparing the Members' report and financial statements.

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.

L1 ENERGY (UK) LLP

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES – continued

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.

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.

L1 ENERGY (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES – continued

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.

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 2021 USD	Year ended 31 March 2020 USD
Wages and salaries	3,489,644	1,832,072
Social security costs	471,527	245,872
Pension costs	57,831	47,933
Other short term employment benefits	38,637	39,922
	<u>4,057,639</u>	<u>2,165,799</u>
	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
The average monthly number of employees during the year/period was as follows:		
Investment professionals	3	2
Administration and central functions	6	4
	<u>9</u>	<u>6</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 \$57,831 (2020: \$47,933).

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

5. OPERATING PROFIT	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
The operating profit is stated after charging:		
Depreciation - owned assets	31,454	33,520
Computer software amortisation	1,551	1,350
Fees Payable to the Partnership's Auditor		
Auditors' remuneration for the audit of the partnership	11,814	9,063
Non audit services: Tax compliance	27,435	46,782
LLP Members' personal returns	44,055	49,145
Other Services	6,892	46,695
	<u> </u>	<u> </u>
 6. INFORMATION IN RELATION TO MEMBERS	 Year ended 31 March 2021 USD	 Year ended 31 March 2020 USD
The amount of profit for the year ended 31 March 2021 and 31 March 2020 attributable to the Members with the largest entitlement was	1,017,177	2,601,900
The average number of members during the year was	<u>5</u>	<u>7</u>

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.

Key management personnel received total compensation of \$1,946,680 (2020: \$7,885,544).

7. TAXATION

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.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

8. INTANGIBLE ASSETS		Computer Software USD	
COST			
At 1 April 2020			31,614
Additions			-
At 31 March 2021			<u>31,614</u>
ACCUMULATED AMORTISATION			
At 1 April 2020			28,290
Charge for the year			<u>1,551</u>
			29,841
NET BOOK VALUE			
At 31 March 2021			<u>1,773</u>
At 31 March 2020			<u>3,324</u>
9. TANGIBLE ASSETS		Fixtures & Equipment USD	
COST			
At 1 April 2020			207,340
Additions			<u>9,504</u>
At 31 March 2021			216,844
ACCUMULATED DEPRECIATION			
At 1 April 2020			134,282
Charge for the year			<u>31,454</u>
At 31 March 2021			165,736
NET BOOK VALUE			
At 31 March 2021			<u>51,108</u>
At 31 March 2020			<u>73,058</u>
10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		Year ended 31 March 2021 USD	Year ended 31 March 2021 USD
Amounts due from group undertakings		-	192
Amounts due from related parties		23,738	5,733
Other debtors		192,288	124,156
Prepayments and accrued income from related parties		<u>1,439,669</u>	<u>3,595,075</u>
		<u>1,655,695</u>	<u>3,725,156</u>

L1 ENERGY (UK) LLP

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 MARCH 2021

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
Trade creditors	446,455	649,607
Amounts due to Members	787,846	2,681,648
Amounts due to related parties	-	142,055
Social security and other taxes	402,602	539,914
Accrued expenses	69,864	251,564
Other creditors	-	1,773
	<u>1,706,767</u>	<u>4,266,561</u>

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

12. RELATED PARTY DISCLOSURES

The Partnership charged fees for investment advisory and intermediation services totalling \$8,743,153 (2020: \$14,064,409) to Letterone Corporate Advisor Limited, a company incorporated and registered in Gibraltar. As at 31 March 2021, the balance due from Letterone Corporate Advisor Limited to the Partnership was \$1,359,140 (2020: \$3,526,409) and this amount is included within accrued income in note 10.

During the year profits of \$121,098 (2020: USD 2,681,648) were allocated by the Partnership to Letterone Corporate Partner S.à r.l. As at 31 March 2021, the balance due to Letterone Corporate Partner S.à r.l. \$787,846 (2020: \$2,681,648) 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), its subsidiaries, L1 Retail (UK) LLP and LTS Advisory Limited:

	2021 USD	2020 USD
L1 Retail (UK) LLP	-	5,733
L1 Energy Capital (USA) S.à r.l	-	192
LTS Advisory Limited	<u>387,672</u>	<u>623,915</u>

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

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

	2021 USD	2020 USD
Letterone Treasury Services S.A.	<u>23,738</u>	<u>(142,055)</u>

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

	2021 USD	2020 USD
Realised gain/(loss) on GBP currency hedge	142,055	(99,100)
Unrealised gain/(loss) on GBP currency hedge	<u>23,738</u>	<u>(142,055)</u>

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

L1 ENERGY (UK) LLP

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 MARCH 2021

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 financial statements of Letterone Holdings S.A., forming at once the largest and the smallest body of undertakings of which the Company forms a part as a direct subsidiary undertaking. The group prepare annual consolidated financial statements in accordance with the International Financial Reporting Standards and these consolidated financial statements are available at 1-3, Boulevard de la Foire, L-1528 Luxembourg, which is the registered office of the parent.

14. EVENTS AFTER THE REPORTING DATE

As part of a strategic restructuring of the LetterOne Group, on 16 June 2021 the company agreed to the amendment and novation of its Investment Advisory and Intermediation Services Agreement (the "Agreement") dated 12 December 2013 with Letterone Corporate Advisor Limited from Letterone Corporate Advisor Limited to LetterOne Holdings S.A.

As a result of the novation of the Agreement, from 1 July 2021, the company will provide its services to LetterOne Holdings S.A. and its nominated subsidiaries.