

Hartree Partners Supply (UK) Limited

Annual report and financial statements
Year ended 31 December 2017

Registered number: 9283816

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Hartree Partners Supply (UK) Limited
Registered number: 9283816

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Hartree Partners Supply (UK) Limited

Registered number: 9283816

COMPANY INFORMATION

Directors

Paul Garske
Stephen M. Semlitz
Jonathan O'Neill

Company Secretary

Breams Secretaries Limited

Solicitors

Wedlake Bell LLP
71 Queen Victoria Street
London EC4V 4AY

Finance Officer

Daniel Devine

Compliance Officer

Gavin Hunter

Registered Office

2nd Floor, Cardinal Place
100 Victoria Street
London, SW1E 5JL

Bankers

Bank of America N.A., UK
2 King Edward Street
London, EC1A 1HQ

Principal Shareholder

Hartree Partners, LP
1185 Avenue of the Americas
New York, New York 10036

Hartree Partners Supply (UK) Limited
Registered number: 9283816

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2017.

Principal activities and review of business

Hartree Partners Supply (UK) Limited ("Hartree Supply" or the "Company") is a private company limited by shares and was incorporated on 28 October 2014 in England, United Kingdom. The principal activities of the Company are to engage in proprietary trading in electricity and related derivatives and to carry on the business of suppliers, distributors and dealers of electricity as principal or agent. The Company was funded by the issuance of 6 ordinary shares at £1 each.

On 8 February 2016, the Company sole director agreed to sell the 6 ordinary shares to Hartree Partners Power & Gas Company (UK) Limited ("HPPGCO"), a private company limited by shares and is incorporated in England, United Kingdom, for a purchase price of £40,000. In addition, HPPGCO repaid the sum of £5,000 owed by the Company to the sole director. On the date of the sale, the sole director resigned and the Company appointed the three directors of HPPGCO as directors of the Company.

The Company's immediate parent undertaking is HPPGCO. HPPGCO is a wholly owned subsidiary of Hartree Partners LP ("Hartree" or the "Parent"), a limited partnership duly formed in the State of Delaware, United States of America. Hartree is the ultimate parent undertaking for both Hartree Supply and HPPGCO.

Key financial performance indicators

	2017	2016	Change
	US\$	US\$	%
Turnover	-	-	nil%
Loss before tax	(16,160)	(6,159)	162.38%
Loss after tax	(16,160)	(6,159)	162.38%

In both 31 December 2017 and December 2016, the Company did not earn any turnover. The only activities of the Company were expenses related to the operational activities of the Company.

Principal risks and uncertainties

The Company principal risk and uncertainties is its ability to engage in proprietary trading in electricity and related derivatives and to carry on the business of suppliers, distributors and dealers of electricity as principal or agent.

Hartree Partners Supply (UK) Limited
Registered number: 9283816

Risk Management

The Company operates as part of a global trading strategy in conjunction with Hartree. The Parent assumes the related risks of these positions.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'S M Semlitz', written in a cursive style.

Stephen M. Semlitz
Director
24 September 2018

Hartree Partners Supply (UK) Limited
Registered number: 9283816

DIRECTORS' REPORT

The Directors submit their report for the year ended 31 December 2017.

Dividends

The Directors have chosen not to pay any dividends in 2017 (2016: US\$ nil).

Shares

On 28 October 2014 the Company issued 6 ordinary shares for an aggregate consideration of £6.

Acquisition of the Company

On 8 February 2016 the Company was sold to Hartree Partners Power & Gas Company (UK) Limited (the "Purchaser"). The Purchaser immediate parent is Hartree Partners, LP ("Hartree") Listed below were the directors due to the sale of the Company:

Stephen M. Semlitz
Jonathan H. O'Neill
Paul M. Garske

Audit exemption

HPPGCO issued a guarantee against all outstanding liabilities to which the Company is subject as at 31 December 2017, until they are satisfied in full under Section 479C of the Companies Act 2006. The guarantee is enforceable against HPPGCO by any person to whom the Company is liable in respect of those liabilities. Since HPPGCO is the smallest group to which the Company's accounts are consolidated and are filed with Companies House, the Company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2017 by virtue of Section 479A of the Companies Act 2006 (the "Act").

Going concern

The going concern basis of preparation has been considered appropriate as the directors believe that the Company will be in operation for a period of at least 12 months from the date of signing the financial statements. Hartree has undertaken to provide the funds necessary for Company to continue as a going concern for a minimum of 12 months from the date of approval of the financial statements.

Future Developments

The Directors aim to continue the construction and future operations of the gas fired power stations, which the Company acts as agent.

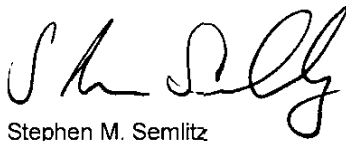
Hartree Partners Supply (UK) Limited
Registered number: 9283816

Directors

The Directors who served during the year and up to the date of this report were as follows:

Stephen M. Semlitz
Jonathan O'Neill
Paul Garske

For and on behalf of the Board



Stephen M. Semlitz
Director
24 September 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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), comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

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 the profit or loss 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 United Kingdom Accounting Standards, including FRS 102, 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.

Hartree Partners Supply (UK) Limited
Registered number: 9283816

Profit and Loss Account
For the year ended 31 December 2017
(Expressed in U.S. Dollars)

	Notes	2017 US\$	Restated 2016 US\$
Turnover	4	-	-
Administration expenses	5	(16,160)	(6,159)
Loss before interest and tax		(16,160)	(6,159)
Tax expense		-	-
Loss for the financial year		(16,160)	(6,159)

The above result for the year is derived from continuing activities of the Company.

The Company has no other comprehensive income for the current and preceding financial period
Therefore no separate statement of comprehensive income has been presented.

Hartree Partners Supply (UK) Limited
Registered number: 9283816

Balance Sheet

At 31 December 2017

(Expressed in U S. Dollars)

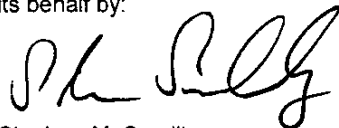
	Notes	2017 US\$	Restated 2016 US\$
Current assets			
Debtors - <i>amounts falling due within one year</i>	8	2,890	262
Cash at bank and in hand	7	21,787	-
		<u>24,677</u>	<u>262</u>
 Creditors – <i>amounts falling due within one year</i>	 9	 (52,235)	 (11,660)
 Net current assets		 <u>(27,558)</u>	 <u>(11,398)</u>
 Capital and reserves			
Called up share capital	10	7	7
Profit and loss account		(27,565)	(11,405)
Shareholder's funds – Equity interests		<u>(27,558)</u>	<u>(11,398)</u>

For the year ended 31 December 2017, the Company was entitled to exemption under section 479A of the Companies Act 2006 (the "Act").

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the preparation of accounts.

The annual accounts were approved by the board of directors on 24 September 2018 and were signed on its behalf by:



Stephen M. Semlitz

Director

24 September 2018

Hartree Partners Supply (UK) Limited
Registered number: 9283816

Statement of Changes in Equity
For the year ended 31 December 2017
(Expressed in U S. Dollars)

	Called-up Capital US\$	Profit & Loss Account US\$	Total Equity US\$
At 1 January 2016	7	(5,246)	(5,239)
Loss for the year representing total comprehensive loss (Restated)	-	(6,159)	(6,159)
At 31 December 2016 (Restated)	7	(11,405)	(11,398)
Loss for the year representing total comprehensive loss	-	(16,160)	(16,160)
At 31 December 2017	7	(27,565)	(27,558)

Hartree Partners Supply (UK) Limited
Registered number: 9283816

Cash Flow Statement
At 31 December 2017
 (Expressed in U.S. Dollars)

	Notes	2017 US\$	Restated 2016 US\$
Profit before taxation		(16,160)	(6,159)
Operating cash flows before changes in working capital		(16,160)	(6,159)
Change in VAT receivable	8	51	(262)
Change in prepaids and security deposit	8	(2,679)	-
Change in payable to Hartree and affiliates	9	40,575	11,660
Change in accruals	9	-	(6,098)
Cash flows from (used in) operating activities		21,787	(859)
Net change in cash and cash equivalents		21,787	(859)
Cash and cash equivalents at beginning of year		-	859
Cash and cash equivalents at end of year		21,787	-

Hartree Partners Supply (UK) Limited**Registered number: 9283816****Notes to the financial statements****For the year ended 31 December 2017****1. GENERAL INFORMATION**

Hartree Partners Supply (UK) Limited ("Hartree Supply" or the "Company") is a private company limited by shares and is incorporated in England, United Kingdom. The registered office is 2nd Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL. Hartree Supply is a wholly owned subsidiary of Hartree Partners Power & Gas Company (UK) Limited ("HPPGCO"), a private company limited by shares and is incorporated in England, United Kingdom. HPPGCO is a wholly owned subsidiary of Hartree Partners LP ("Hartree" or the "Parent"), a limited partnership duly formed in the State of Delaware, United States of America. Hartree is the ultimate parent of Hartree Supply.

The principal activities of the Company are to engage in proprietary trading in electricity and related derivatives and to carry on the business of suppliers, distributors and dealers of electricity as principal or agent.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in compliance with the Financial Reporting Standard ("FRS 102") as it applies to the Company financial statements for the year ended 31 December 2017

3. ACCOUNTING POLICIES**(a) Accounting convention and basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The financial statements for the year ended 31 December 2017 and 2016 were authorized for issue by the Board of Directors 24 September 2018.

(b) Going concern

The going concern basis of preparation has been considered appropriate as the directors believe that the Company will be in operation for a period of at least 12 months from the date of signing the financial statements. Hartree has undertaken to provide the funds necessary for the Company to continue as a going concern for a minimum of 12 months from the date of approval of the financial statements. For further detail, refer to the Going Concern section in the Directors' Report.

(c) Exemptions from audit accounts under Companies Act 2006

HPPGCO, the immediate parent of Hartree Supply, has issued a guarantee under Section 479C of the Companies Act 2006 for the year ended 31 December 2017 in respect of its principal subsidiaries. HPPGCO guarantees all outstanding liabilities to which the Company is subject to as at 31 December 2017, until they are satisfied in full and the guarantee is enforceable against HPPGCO by any person to whom the subsidiary undertakings are liable in respect of those liabilities. The Company has taken advantage of the exemption from audit by virtue of Section 479A of the Companies Act 2006.

Hartree Partners Supply (UK) Limited**Registered number: 9283816****Notes to the financial statements****For the year ended 31 December 2017****3. ACCOUNTING POLICIES (continued)****(d) Financial instruments including derivative instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The Company uses derivative instruments ("derivatives") in the normal course of business. All derivatives are held for trading purposes. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value ('marked-to-market') in Turnover. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative and are reflected in Debtors and Creditors on the Balance Sheet.

The Company uses observable market values to the extent possible for determining the fair value of its trading instruments. In cases where actively quoted prices are not available, other external sources are used which incorporate information about commodity prices in actively quoted markets, quoted prices in less active markets and other fundamental analysis. Fair value is determined using other valuation methodologies which may include pricing models which take into account time value, volatility of the underlying commodity and other factors, as determined by the Company's management. The resulting change in unrealized gain or loss is reflected in Turnover on the profit and loss account.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves. The Company does not undertake any hedge accounting transactions.

(e) Foreign currencies

The financial statements are prepared in U.S. Dollars, this being the functional currency of the Company. Transactions in currencies other than U.S. Dollars are recorded at the rates ruling at the date of the transactions for trading activity and at the average month rates for administrative expenses. Monetary assets and liabilities denominated in currencies other than U.S. Dollars are translated at the rate of exchange ruling at the balance sheet date. All gains and losses arising are included in Administration expenses in the Profit and Loss account.

(f) Short-term debtors and creditors

The Company classifies debtors and creditors as due within one year when the Company does not have an unconditional right to defer settlement of the asset or liability for at least twelve months after reporting date.

(g) Revenue recognition

The Company recognizes revenue from trading activities when the following conditions are satisfied: The Company has entered into contracts with counterparties or executed trades on an exchange. The amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Hartree Partners Supply (UK) Limited**Registered number: 9283816****Notes to the financial statements****For the year ended 31 December 2017****3. ACCOUNTING POLICIES (continued)****(h) Deferred tax and corporate tax**

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognized only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from the global trading strategy in conjunction with Hartree from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

The Company operates as part of a global trading strategy in conjunction with Hartree. The tax provision is calculated by the Company in a manner consistent with the methodology used in the application of the bilateral Advance Pricing Agreement (the "Agreement" or "APA") approved on 18 June 2013. The tax for the year is recognized by applying the standard rate of corporation tax in the UK.

(i) Cash flow statement

The Cash Flow Statement shows the cash effects of transactions with parties that are external to the business and the impact that the cash flows have on the Company's cash position.

(j) Cash and cash equivalents

The Company defines cash equivalents to be highly liquid investments with original maturities of three months or less.

(k) Obligations under operating leases

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

(l) Judgements and key sources of estimation uncertainty

The preparation of accounts in conformity with UK generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates based on final pricing, foreign exchange and accruals. At 31 December 2017 and 2016, the Company did not make any critical judgements in applying its accounting policies.

4. TURNOVER

Turnover represents the unrealised and realised net profit from operating activities in the United Kingdom. The Company did not earn any turnover in 2017 and 2016.

Hartree Partners Supply (UK) Limited**Registered number: 9283816****Notes to the financial statements****For the year ended 31 December 2017****5. LOSS BEFORE TAX**

Administration expenses include:

	2017 US\$	2016 US\$
Foreign exchange losses/ (gains)	3,566	(648)

6. STAFF COSTS

At year end, the directors of the Company are also directors of HPPGCO in whose financial statements the information required by the Companies Act 2006 as regards directors' emoluments is given. The Company had no employees during the year ended 31 December 2017 and 2016.

7. CASH AND CASH EQUIVALENTS

There were no cash equivalents at 31 December 2017 and 2016.

8. DEBTORS

	Due within 1 yr 2017 US\$	Due within 1 yr 2016 US\$
VAT receivable	211	262
Prepays and security deposit	2,679	-
	2,890	262

9. CREDITORS

	Due within 1 yr 2017 US\$	Due within 1 yr 2016 US\$
Amounts due to Hartree and affiliates	52,235	11,660
	52,235	11,660

10. SHARE CAPITAL

	2017 US\$	2016 US\$
Allotted, called up and fully paid 6 shares of £ 1	7	7

Hartree Partners Supply (UK) Limited**Registered number: 9283816****Notes to the financial statements****For the year ended 31 December 2017****11. RELATED PARTY TRANSACTIONS AND COMMITMENTS**

For all other related parties, the Company have not disclosed transactions with group companies due to the exemption in accordance with FRS 102 Section 33 "Related Party Disclosures".

Key management personnel

Only the Directors have authority and responsibility for planning, directing and controlling the activities of the Company and are therefore considered to be key management personnel. Refer to Note 6 for additional disclosure information on the directors' remuneration for 31 December 2017 and 2016.

12. OPERATING LEASE COMMITMENTS

At 31 December 2017 and 2016 the Company had no future minimum lease payments under non-cancellable operating leases.

13. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking and smallest group in which the Company is consolidated is HPPGCO. A copy of the accounts for HPPGCO can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The Company's ultimate parent undertaking and largest group in which the Company is consolidated is Hartree. Hartree registered office is 1209 Orange Street, Wilmington, Delaware, 19801, United States. The copies of Hartree consolidated financial statements can be requested by application to the registered office of the Company.

14. PRIOR PERIOD ERROR

In 2017, the Company identified a prior period error due to goodwill and related amortization recorded in the Company's financial statements. In 2016, the Company applied pushdown accounting in the 2016 financial statements which is not allowable accounting method under FRS 102. The table below includes all accounts that were restated in the current year:

Asset	Prior Year 2016 – US\$	Actual 2016 Restated – US\$
Goodwill	57,725	-

Liability	Prior Year 2016 – US\$	Actual 2016 Restated – US\$
Creditors – amounts falling due within one year	(82,344)	(11,660)

Profit and Loss	Prior Year 2016 – US\$	Actual 2016 Restated – US\$
Administrative expenses	(19,118)	(6,159)

Retained Earnings	Prior Year 2016 – US\$	Actual 2016 Restated – US\$
Profit & Loss Accounts	(19,118)	(6,159)
Total Equity	(24,357)	(11,398)