Hartree Partners Power & Gas Company (UK) Limited

Annual report and financial statements
Year ended 31 December 2019

Registered number: 4308186

Hartree Partners Power & Gas Company (UK) Limited
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Hartree Partners Power & Gas Company (UK) Limited
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COMPANY INFORMATION

Directors
Stephen M. Hendel
Stephen M. Semlitz
Jonathan O'Neill
Paul Garske
Heiko Voelker

Company Secretary
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Principal Shareholder
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1185 Avenue of the Americas
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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal Activities and Review of Business

The principal activities of Hartree Partners Power & Gas Company (UK) Limited ("HPPGCO," the "Parent Company" or the "Company") and its subsidiaries (together "the Group") are to engage in proprietary trading in natural gas, electricity, emissions and related derivatives; to engage in trading as principal in currency and currency derivatives; and to carry on the business of suppliers, distributors and dealers of natural gas, electricity and emissions. From time to time, HPPGCO also trades in physical metals, agricultural, oil and refined products. Hartree Partners, LP ("Hartree"), a limited partnership duly formed in the State of Delaware, United States of America, is HPPGCO's ultimate parent undertaking.

Key financial performance indicators	2019 US$	2018 US$	Change %
Turnover	101,722,630	63,336,483	61%
Profit before tax	75,671,048	42,467,315	78%
Profit after tax	73,497,519	42,104,538	75%

Turnover, profit before tax and after tax increased in 2019 due to increased volatility in the emissions and natural gas markets. The increase is due to the expansion of our power team at the same time as natural gas was significantly oversupplied due to a warm winter in Europe and Asia followed by the global expansion of LNG production and a significant increase in renewable power capacity in Europe.

Principal Risks and Uncertainties

In the ordinary course of business, the Group manages a variety of risks, including market risk, credit risk, compliance risk, liquidity risk, and operational risk. The Group identifies measures, manages, and monitors risk through various control mechanisms. Market risk, credit risk, compliance risk, liquidity risk, and operational risk controls are monitored on a daily basis to the Chief Risk Officer ("CRO"), business units, and senior management.

Market risk controls include but are not limited to volumetric, term, stop limit, and value at risk limits. Credit risk controls include but are not limited to exposure limits, volume limits, tenor limits, and margining thresholds. Compliance risk controls include but are not limited to position and concentration limits, exchange limits, and daily monitoring of prohibited jurisdiction and counterparty lists. Market risk is the risk of potential adverse changes to the value of trading instrument because of changes in market conditions, such as volatility in commodity prices, equity market, interest rates, foreign exchange and degree days. The Parent Company manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques that evaluate the effect of various market conditions on derivatives, and stock positions.

Since the start of January 2020, the Group had to consider the risks due to the evolving situation of the global pandemic. The Group`s business model is based on trading activities which, at present, remain unaffected by the current COVID-19 pandemic. The traders have moved to remote working and all operations are running as usual. Management does not believe there is a material adverse financial impact on the assets and liabilities or the 2020 results to date; however, at this stage, we cannot predict with any great degree of confidence the longer term impact on the operating results of the Company as a result of this non-adjusting subsequent event.

Risk Management

The Group operates as part of a global trading strategy in conjunction with Hartree. As disclosed more fully in Notes 17 and 18 to the financial statements, in the normal course of business, the group trades equities, futures, forwards, swaps, options, and foreign exchange derivatives, which are included on the balance sheet at fair value. The Group is subject to market risk associated with changes in the value of the underlying commodity, as well as to credit losses if a counterparty fails to perform. The majority of counterparty risk is with trading companies. The creditworthiness for all counterparties is subject to continual review.

STRATEGIC REPORT (continued)

The Group reviews the collectability of receivables on a daily basis. The Group believes that the credit risk inherent in the ultimate settlement of the transactions outstanding at year end will not have a material effect on the Group's financial condition.

For and on behalf of the Board

Stephen M. Semlitz
Director
29 May 2020

DIRECTORS' REPORT

The Directors submit their report for the year ended 31 December 2019.

Section 172 of the Companies Act 2006

In accordance with Section 172 of the Companies Act 2006, the Directors of the group have acted in a way they consider to be in good faith and would be most likely to promote the success of the group for the benefit of its members as a whole. In doing so they have regard to the factors noted below:

- The likely consequences of any decision in the long term;
- The need to foster the group's business relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment;
- The desirability of the group maintaining a reputation for high standards of business conduct; and;
- The need to act fairly as between members of the group

The Group's business model and strategy is designed to have a long-term, beneficial impact on the Group's success by engaging in a diversified mix of proprietary trading, including renewables and clean energy. Directors consider and respond to market changes and opportunities to build upon and expand the established activities of the Group. The Group aims to act responsibly and fairly and directors, together with management, engage with its regulators, counterparties and suppliers. Directors are regularly updated on developments in market regulations which allows them to make informed decisions. Directors and management operate the business in a responsible manner by maintaining high standards of business conduct and considering all members of the Group equally and fairly

Financial Instruments

The Group is exposed in the normal course of its business to equity market risk and commodity price risks primarily related to natural gas, electricity, emissions, foreign currency and interest rate risks related thereto.

The Group has formulated credit review policies to control credit risk by following an established credit approval process, daily monitoring of net exposure to individual counterparties, requiring additional collateral where appropriate, and using master netting agreements whenever possible.

Liquidity risk arises in the general funding of the Group's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. The Group manages its liquidity risk by performing cash forecasts by calculating long-term forward position exposures and assessing future trading strategies based on any capital constraints.

Operational risk is the potential for loss caused by a deficiency in information gathering, transaction processing, settlement processing, or accounting systems. The Group maintains controls that include systems and procedures to record and reconcile transactions and positions, and to procure necessary documentation for its trading activities.

Going Concern

The Group is a significant subsidiary of the Hartree Group. In February 2015, Hartree entered into borrowing base revolving credit facility with a bank group. In March 2017, Hartree amended and restated the bank facility to extend the borrowing base revolving credit facility (the "ABL Bank Facility"). In June 2018, the Joinder Agreement was signed to add HPPGCO as eligible borrower to the ABL Bank Facility. In February 2019, Hartree and HPPGCO renewed the ABL Bank Facility. The assets of Hartree and HPPGCO have been pledged to the bank syndicate as security as disclosed more fully in Note 19 to the financial statements. The Group has issued a cross-guarantee to Hartree in relation to its

DIRECTORS' REPORT (continued)

participation in the ABL Bank Facility. Accordingly, the Group is dependent upon the Hartree Group maintaining compliance with the terms and covenant tests of the ABL Bank Facility in order to avoid a call upon the pledge provided by the Group to the bank syndicate.

In concluding that the ABL Bank Facility will continue to be available for at least 12 months from the date of approval of these financial statements the Directors of the Group, who are also Directors of Hartree, monitor compliance with the covenant tests on a monthly basis. The 3 covenant tests require maintenance of a maximum leverage ratio and minimum net working capital and minimum tangible net worth. The headroom against each of the covenant tests is such that the Directors remain confident that even under a significant deterioration in trading activity, they expect the Hartree Group to maintain compliance with the covenants.

The Group maintains a small cash balance day to day and has access to undrawn committed facilities of $84.2 million, as of 30 April 2020, under the ABL Facility. Should these undrawn committed facilities not be sufficient to discharge its liabilities, the Group also has access to funding from Hartree under a parent support letter issued by Hartree to the Group. Hartree itself has access to undrawn committed facilities of $177.6 million as of 30 April 2020.

Hartree does not forecast trading results as market conditions change rapidly. In the event Hartree needs to raise more cash liquidity and free up equity capital to meet obligations, including its covenant tests, they will focus on accelerating the sale of Readily Marketable Inventories.

The Hartree Group has generated significant profits to date in 2020. The Directors have considered a reverse stress test scenario where no further trading is entered into for the period until 31 December 2022. Under this scenario, the Hartree Group has sufficient cash and committed facilities to meet its liabilities as they fall due and comply with its covenant tests for the period to 31 December 2022 before implementing controllable mitigating actions.

On the basis of the above analysis the Directors of the Group, who are also the Directors of Hartree, have concluded that it is appropriate for the going concern assumption to be applied in these financial statements.

Subsequent events

Asset Disposal

Effective 1 January 2020, the Company distributed equity interest of the following subsidiaries to Hartree:

Name of company	Class of shares	Holdings	Principal activity
Hartree Partners Power Holdings (UK) Limited	Ordinary	100%	Holding company
Hartree Partners Capital Management (UK) Limited	Ordinary	100%	Management company
Hartree Solutions Limited	Ordinary	100%	SPV – Peaking Power
Hartee Land Limited	Ordinary	100%	SPV – Peaking Power
Kingsmoor Power Limited	Ordinary	100%	SPV – Peaking Power
Hartree Peaking (Holdings) Limited	Ordinary	100%	Holding company
St. Helen's Power Limited	Ordinary	100%	SPV – Peaking Power
Rydberg Development Company Limited	Ordinary	100%	SPV – Peaking Power
Wincham Lane Power Limited	Ordinary	100%	SPV – Peaking Power
Merlin Park Power Limited	Ordinary	100%	SPV – Peaking Power
Hilcote Power Limited	Ordinary	100%	SPV – Peaking Power
Attfields Power Limited	Ordinary	100%	SPV – Peaking Power
Kendal Road Power Limited	Ordinary	100%	SPV – Peaking Power
KWB Power Limited	Ordinary	100%	SPV – Peaking Power
Haverton Hill Power Limited	Ordinary	100%	SPV – Peaking Power

DIRECTORS' REPORT (continued)

Subsequent events (continued)

Impact of COVID-19

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on global economic and market conditions and trigger a period of global economic slowdown.

Management considers this to be a non-adjusting subsequent event. While the commodities markets have become more volatile, to date, the Group continues to operate normally. The Group's business model is based on trading activities which, at present, remain unaffected by the current COVID-19 pandemic. The traders have moved to remote working and all operations are running as usual. The Directors of the Group believe there is no material adverse financial impact on the Group's assets and liabilities or the 2020 results to date , however, at this stage, we cannot predict with any great degree of confidence the longer term impact on the operating results of the Group as a result of the COVID -19 pandemic.

Directors

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

Stephen M. Hendel
Stephen M. Semlitz
Jonathan O'Neill
Paul Garske
Heiko Voelker

Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group auditor, each Director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the Board

Stephen M. Semlitz
Director
29 May 2020

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 Group and the Company 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 Group and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTREE PARTNERS POWER AND GAS COMPANY (UK) LIMITED

Opinion

We have audited the financial statements of Hartree Partners Power and Gas Company (UK) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – Effects of COVID-19

We draw attention to Note 20 of the financial statements, which describes the impact of the increase in market volatility on the operations and results of the group and parent company. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTREE PARTNERS POWER AND GAS COMPANY (UK) LIMITED (continued)

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 directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTREE PARTNERS POWER AND GAS COMPANY (UK) LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jacqueline Ann Geary (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

1 June 2020

Consolidated Profit and Loss Account
For the year ended 31 December 2019
(Expressed in U.S. Dollars)

Group	Notes	2019 US$	2018 US$
Turnover	4	101,722,630	63,336,483
Administration expenses		(26,108,576)	(19,441,385)
Net interest on margin		(308,289)	(739,002)
Profit before interest and taxation	5	75,305,765	43,156,096
Interest income		600,036	-
Interest expense		(234,753)	(688,781)
Profit before taxation		75,671,048	42,467,315
Tax charge	7	(2,173,529)	(362,777)
Profit for the financial year		73,497,519	42,104,538

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

The Group has no other comprehensive income or loss for the current and preceding financial year. Therefore no separate statement of comprehensive income or loss has been presented.

Hartree Partners Power & Gas Company (UK) Limited
Registered number: 4308186

Consolidated Balance Sheet
At 31 December 2019
(Expressed in U.S. Dollars)

Group	**Notes**	**2019 US$**	**2018 US$**
Fixed assets			
Tangible assets	9	21,612,366	20,310,960
Intangible assets	8	202,199	280,548
Investment in joint venture	10	115,997	-
		21,930,562	20,591,508
Current assets			
Stocks	12	823,477	12,809,966
Product financing loan receivable	17	-	7,007,438
Financial assets, at fair value - *amounts falling due*			
Within one year	17	88,388,149	58,099,734
After one year	17	60,294,770	139,006,642
		148,682,919	197,106,376
Debtors - *amounts falling due within one year*	13	306,696,223	205,058,091
Cash at bank and in hand		5,166,114	7,627,352
		461,368,733	429,609,223
Financial liabilities, at fair value - *amounts falling due within one year*	17	(76,562,394)	(129,602,504)
Creditors - *amounts falling due within one year*	14	(257,651,042)	(255,193,975)
Net current assets		127,155,297	44,812,744
Total assets less current liabilities		149,085,859	65,404,252
Financial liabilities, at fair value - *amounts falling due after one year*	17	(14,007,640)	(3,823,552)
Net assets		135,078,219	61,580,700
Capital and reserves			
Called up share capital	15	56,924	56,924
Profit and loss account		135,021,295	61,523,776
Shareholder's funds - Equity		135,078,219	61,580,700

The financial statements were approved by the Board of Directors on 29 May 2020 and were signed on its behalf by:

Stephen M. Semlitz
Director
29 May 2020

Hartree Partners Power & Gas Company (UK) Limited
Registered number: 4308186

Parent Company Balance Sheet
At 31 December 2019
(Expressed in U.S. Dollars)

HPPGCO	**Notes**	**2019 US$**	**2018 US$**
Fixed assets			
Investments in subsidiary undertakings	11	527,400	527,400
		527,400	527,400
Current assets			
Stocks	12	823,477	12,809,966
Product financing loan receivable		-	7,007,438
Financial assets, at fair value - *amounts falling due*			
Within one year		56,550,748	15,247,133
After one year		60,294,770	139,006,642
		116,845,518	154,253,775
Debtors - *amounts falling due within one year*	13	304,132,427	179,315,167
Cash at bank and in hand		4,744,004	5,956,757
		426,545,426	359,343,103
Financial liabilities, at fair value - *amounts falling due within one year*		(49,271,731)	(82,913,509)
Creditors - *amounts falling due within one year*	14	(245,713,009)	(217,176,060)
Net current assets		131,560,686	59,253,534
Total assets less current liabilities		132,088,086	59,780,934
Financial liabilities, at fair value - *amounts falling due after one year*		(14,007,640)	(3,823,552)
Net assets		118,080,446	55,957,382
Capital and reserves			
Called up share capital	15	56,924	56,924
Profit and loss for the year		62,123,064	41,336,622
Profit and loss account brought forward less dividends		55,900,458	14,563,836
Shareholder's funds - Equity		118,080,446	55,957,382

Hartree Partners Power & Gas Company (UK) Limited
Registered number: 4308186

Consolidated Statement of Changes in Equity
For the year ended 31 December 2019
(Expressed in U.S. Dollars)

Group	Called up Share Capital US$	Profit & Loss Account US$	Total Equity US$
At 1 January 2018	56,924	19,419,238	19,476,162
Profit for the year, representing total comprehensive profit	-	42,104,538	42,104,538
At 31 December 2018	56,924	61,523,776	61,580,700
Profit for the year, representing total comprehensive profit	-	73,497,519	73,497,519
At 31 December 2019	56,924	135,021,295	135,078,219

Parent Company Statement of Changes in Equity
For the year ended 31 December 2019
(Expressed in U.S. Dollars)

HPPGCO	Called up Share Capital US$	Profit & Loss Account US$	Total Equity US$
At 1 January 2018	56,924	14,563,836	14,620,760
Profit for the year, representing total comprehensive profit	-	41,336,622	41,336,622
At 31 December 2018	56,924	55,900,458	55,957,382
Profit for the year, representing total comprehensive profit	-	62,123,064	62,123,064
At 31 December 2019	56,924	118,023,522	118,080,446

Consolidated Cash Flow Statement
At 31 December 2019
(Expressed in U.S. Dollars)

GROUP	**Notes**	**2019 US$**	**2018 US$**
Profit before taxation		75,671,048	42,467,315
Adjustments to reconcile profit for the year to net cash inflow/ (outflow) from operating activities			
Depreciation of tangible assets	9	426,048	433,454
Amortization of intangible assets	8	78,349	66,099
Foreign exchange		(332,020)	321,921
Share of profit in joint venture	10	(115,000)	-
Interest expense		234,753	688,781
Interest income		(600,036)	-
Change in stocks	12	11,986,489	(12,809,966)
Change in financial assets, at fair value	17	48,423,457	(45,214,417)
Change in trade receivables	13	(129,737,994)	(34,447,975)
Change in margin from/ to broker	13/14	63,954,633	(48,839,260)
Change in collateral	13/14	(479,870)	(39,412,546)
Change in payable to Hartree and affiliates	14	(32,631,672)	72,238,732
Change in prepayments, employee advances and other assets	13	(160,152)	702,586
Change in trade payables	14	44,344,877	15,573,736
Change in accruals	14	10,666,508	6,534,763
Net tax payments		(190,865)	-
Change in financial liabilities, at fair value	17	(42,856,022)	3,289,447
		48,682,531	(38,407,330)
Interest paid		(234,753)	(688,781)
Net cash inflow/ (outflow) from operating activities		48,447,778	(39,096,111)
Investing activities			
Purchase of tangible fixed asses	9	(1,727,454)	(8,332,864)
Change in product financing loan receivable, net	17	7,007,438	(7,007,438)
Purchase of subsidiary undertaking	8/11	-	(105,000)
Net cash inflow/ (outflow) from investing activities		5,279,984	(15,445,302)
Financing activities			
Loans from lending facility	19	256,300,000	477,674,850
Repayments to lending facility	19	(312,489,000)	(421,376,550)
Net cash (outflow)/ inflow from financing activities		(56,189,000)	56,298,300
(Decrease)/ increase in cash and cash equivalents		(2,461,238)	1,756,887
Cash and cash equivalents at 31 December		7,627,352	5,870,465
Cash and cash equivalents at 31 December		5,166,114	7,627,352

1. GENERAL INFORMATION

Hartree Partners Power & Gas Company (UK) Limited ("HPPGCO" or the "Parent Company") and its subsidiaries (together "the Group") engage in proprietary trading in natural gas, electricity, emissions and related derivatives; principal trading in currency and currency derivatives; and carry on the business of suppliers, distributors and dealers of natural gas, electricity and emissions. From time to time, HPPGCO also trades in physical metals, agricultural, oil and refined products. The Company is a private company limited by shares and is incorporated in England. The registered office is 2nd Floor, Cardinal Place 100 Victoria Street, London SW1E 5JL. HPPGCO is a wholly owned subsidiary of Hartree Partners LP ("Hartree"), a limited liability company duly formed in the State of Delaware, United States of America.

2. STATEMENT OF COMPLIANCE

The Group and individual financial statements of the Parent Company have been prepared 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") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The Group and individual financial statements of the Parent Company were approved for issue by the Board of Directors on 29 May 2020.

(b) Going concern

The Group is a significant subsidiary of the Hartree Group. In February 2015, Hartree entered into borrowing base revolving credit facility with a bank group. In March 2017, Hartree amended and restated the bank facility to extend the borrowing base revolving credit facility (the "ABL Bank Facility"). In June 2018, the Joinder Agreement was signed to add HPPGCO as eligible borrower to the ABL Bank Facility. In February 2019, Hartree and HPPGCO renewed the ABL Bank Facility. The assets of Hartree and HPPGCO have been pledged to the bank syndicate as security as disclosed more fully in Note 19 to the financial statements. The Group has issued a cross-guarantee to Hartree in relation to its participation in the ABL Bank Facility. Accordingly, the Group is dependent upon the Hartree Group maintaining compliance with the terms and covenant tests of the ABL Bank Facility in order to avoid a call upon the pledge provided by the Group to the bank syndicate.

In concluding that the ABL Bank Facility will continue to be available for at least 12 months from the date of approval of these financial statements the Directors of the Group, who are also Directors of Hartree, monitor compliance with the covenant tests on a monthly basis. The 3 covenant tests require maintenance of a maximum leverage ratio and minimum net working capital and minimum tangible net worth. The headroom against each of the covenant tests is such that the Directors remain confident that even under a significant deterioration in trading activity, they expect the Hartree Group to maintain compliance with the covenants.

The Group maintains a small cash balance day to day and has access to undrawn committed facilities of $84.2 million, as of 30 April 2020, under the ABL Facility. Should these undrawn committed facilities not be sufficient to discharge its liabilities, the Group also has access to funding from Hartree under a parent support letter issued by Hartree to the Group. Hartree itself has access to undrawn committed facilities of $177.6 million as of 30 April 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hartree does not forecast trading results as market conditions change rapidly. In the event Hartree needs to raise more cash liquidity and free up equity capital to meet obligations, including its covenant tests, they will focus on accelerating the sale of Readily Marketable Inventories.

The Hartree Group has generated significant profits to date in 2020. The Directors have considered a reverse stress test scenario where no further trading is entered into for the period until 31 December 2022. Under this scenario, the Hartree Group has sufficient cash and committed facilities to meet its liabilities as they fall due and comply with its covenant tests for the period to 31 December 2022 before implementing controllable mitigating actions.

On the basis of the above analysis the Directors of the Group, who are also the Directors of Hartree, have concluded that it is appropriate for the going concern assumption to be applied in these financial statements.

(c) Exemptions for qualifying entities under FRS 102

The Parent Company has taken advantage of the following exemptions in its individual financial statements:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Parent Company's cash flows.

- From the financial instrument disclosures, required under FRS 102 paragraphs 11.42, on the basis that it is a qualifying entity and applicable disclosures are included in the Group's consolidated financial statement disclosures.

(d) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent Company and all its subsidiary undertakings drawn up to 31 December each year. No Profit and Loss Account is presented for the Parent Company as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

In the Parent Company financial statements investments in subsidiaries and joint ventures are accounted for at cost less impairment.

(e) Judgements and key sources of estimation uncertainty

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Actual outcomes could differ from those estimates based on final pricing, foreign exchange rate movements and accruals. At 31 December 2019 and 2018, the Group's estimates relate to valuation of trading instruments (Note 17). At 31 December 2019 and 2018, the Group did not make any critical judgements in applying its accounting policies.

(f) Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortized on a straight line basis to the Profit and Loss Account over its useful economic life. The Group has defined the economic life to be 5 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed assets and depreciation

Fixed assets are carried at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Group capitalizes the cost of purchased software. Office equipment and purchased software are depreciated over three years. Leasehold improvements are depreciated over the lesser of their estimated useful lives or the remaining lease term. Routine repairs and maintenance are expensed as incurred. The Group capitalizes the cost of constructing the peaking power plants. Peaking power plants are depreciated over a shorter of their estimated economic useful lives, which is twenty five years, or the remaining lease term.

(h) Revenue recognition

The Group recognizes revenue from trading activities when the following conditions are satisfied: The Group 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 Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(i) Stock valuation

Stocks are valued at cost to the Group, using the weighted average method or at net realisable value, whichever is the lower. Net realisable value of stocks is determined using quoted prices representative of fair value or quoted prices adjusted for commodity pricing location differential as determined by the Company's management.

(j) 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 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 Group operates as part of a global trading strategy in conjunction with Hartree. The tax credit or charge is calculated by the Group in a manner consistent with the methodology used in the application of the bilateral Advance Pricing Agreement (the "APA") approved on 18 June 2013 as management believes this to be the best estimate to calculate the foreign income taxes. As the APA expired in 31 December 2015, a request for a renewal has been submitted to the Internal Revenue Service and Her Majesty's Revenue & Customs and was open for approval through the issuance date of the consolidated financial statements.

The tax for the year is recognized by applying the standard rate of corporation tax in the UK.

(k) Foreign currencies

The accounts are prepared in U.S. Dollars, this being the functional currency of the Group. 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 end rates for administration 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. Gains and losses related to trading activity are reflected in Turnover in the Profit and Loss Account. Gains and losses related to administration expenses are reflected in Administration expenses in the Profit and Loss Account.

(l) Financial instruments, at fair value, including derivative instruments

The Group uses equity and derivative instruments ("derivatives") in the normal course of business. All equities and derivatives are held for trading purposes. Equity financial instruments are initially acquired at cost and are subsequently measured at fair value in Turnover. Equities are carried as assets when purchased and as liabilities when sold and not yet purchased and are reflected in Financial assets, at fair value and Financial

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liabilities, at fair value on the Balance Sheet. 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 Financial assets, at fair value and Financial liabilities, at fair value on the Balance Sheet.

The Group 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 trading instrument 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 Group's management. Commodity contracts are usually quoted and transacted using basis pricing relative to an active pricing location, for which price inputs represent the approximate value of differences in geography and local market conditions.

(m) Cash and cash equivalents
The Group defines cash and cash equivalents to be highly liquid investments with original maturities of three months or less. There were no cash equivalents at 31 December 2019 and 2018.

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

(o) 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.

(p) Product financing loan receivable/ Repurchase agreement
The Group enters into the Purchase and Sale agreements where the Group provides/ receives financing to/ from the counterparty in exchange for legal title to an underlying commodity which is pledged as collateral. Under these Purchase and Sale agreement, the seller is required to repurchase the commodity therefore these transactions are accounted as financing transactions. Outstanding financing provided to/ by the counterparty is recorded in Product financing loan receivable/ Repurchase agreement in the Balance Sheet and the related interest income/ expense is recorded in Turnover in the Profit and Loss Account. The total inventory held/ pledged as collateral equals the Product financing loan receivable/ Repurchase agreement on the Balance Sheet.

4. TURNOVER

Turnover represents the unrealized and realized net profit from trading activities in the United Kingdom.

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging below expenses which are included in Administrative expenses in the Consolidated Profit and Loss Account:

	2019 US$	2018 US$
Office rent	945,988	805,523
Fees for the audit of the Group	446,064	516,525

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6. STAFF COSTS

(a) Staff costs

	2019 US$	2018 US$
Compensation	17,306,687	9,230,552
Payroll taxes	2,399,842	1,149,468
Pension costs	324,535	359,035
Other	720,020	247,089
	20,751,084	10,986,144

As the Group does not have employees, salaries and employee related expenses are allocated by Hartree and its subsidiaries.

(b) Directors' remuneration

	2019 US$	2018 US$
Aggregate remuneration in respect of qualifying services	5,232,600	1,540,000
Company contribution paid to a pension scheme	18,200	24,000

The cost of the director disclosed above is borne by Hartree Partners (UK) Limited ("Hartree UK"), an affiliate, and allocated to the Group. Other four Directors received no remuneration for services to the Group for 2019 and 2018.

7. TAXATION

(a) The tax charge is made up as follows:

	2019 US$	2018 US$
Current Tax:		
UK corporation tax at 19%	1,934,587	390,056
Prior year adjustment	3,039	(304,829)
Total current tax charge	1,937,626	85,227
Deferred Tax:		
Origination and reversal of timing differences	135,188	39,566
Prior year adjustment	100,715	237,984
Total deferred tax charge	235,903	277,550
Total charge	2,173,529	362,777

(b) Factors affecting the total tax

The tax for the year is recognized by applying the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019 US$	2018 US$
Profit before taxation	75,671,048	42,467,315
Profit multiplied by the standard rate of corporation tax in UK of 19%	14,377,499	8,068,790
The APA adjustment	(12,307,724)	(7,639,168)
Prior year adjustment	103,754	(66,845)
Total tax charge	2,173,529	362,777

7. TAXATION (continued)

(c) Deferred tax

GROUP	2019 US$	2018 US$
Balance at 1 January	-	(277,550)
Origination and reversal of timing differences	(135,188)	39,566
Prior year adjustment	(100,715)	237,984
Total deferred tax liability at 31 December	(235,903)	-

HPGCO	2019 US$	2018 US$
Balance at 1 January	-	(160,331)
Origination and reversal of timing differences	76,997	39,566
Prior year adjustment	127,069	120,765
Total deferred tax asset at 31 December	204,066	-

(d) Factors that may affect future tax charges

Through December 31, 2019, deferred tax has been recognised at 17%. As of 17 March 2020, a rate of 19% was substantively enacted for subsequent periods. The difference of calculating the deferred tax rate at 17% versus 19% is not material.

8. INTANGIBLE ASSETS - GOODWILL

GROUP	2019 US$	2018 US$
Cost:		
At 1 January	391,748	286,748
Additions (Note 11)	-	105,000
At 31 December	391,748	391,748
Amortization:		
At 1 January	111,200	45,101
Charge for the year	78,349	66,099
At 31 December	189,549	111,200
Net book value:		
At 31 December 2018	280,548	241,647
At 31 December 2019	202,199	280,548

HPPGCO had no intangible assets as of 31 December 2019 and 2018.

Notes to the financial statements
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9. TANGIBLE ASSETS

GROUP	Office equipment, purchased software and leasehold improvements US$	Peaking power plants US$	Assets under construction US$	Total US$
Cost:				
At 1 January 2019	2,020,937	9,323,525	11,420,889	22,765,351
Additions	-	-	1,727,454	1,727,454
Retirements	(1,086,894)	-	-	(1,086,894)
Transfers between classes	-	7,797,622	(7,797,622)	-
At 31 December 2019	934,043	17,121,147	5,350,721	23,405,911
Depreciation:				
At 1 January 2019	2,020,937	433,454	-	2,454,391
Retirements	(1,086,894)	-	-	(1,086,894)
Depreciation	-	426,048	-	426,048
At 31 December 2019	934,043	859,502	-	1,793,545
Net book value:				
At 31 December 2018	-	8,890,071	11,420,889	20,310,960
At 31 December 2019	-	16,261,645	5,350,721	21,612,366

HPPGCO had no tangible assets as of 31 December 2019 and 2018.

10. INVESTMENT IN JOINT VENTURE

In 2016, Hartree Partners Power Holdings (UK) Limited, a subsidiary undertaking of HPPGCO, invested in Powertree (Holding) Limited ("Powertree"), a joint venture, by acquiring 75 shares for GBP1 per share and agreed on future commitments in the form of a loan to Powertree. The current structure of the joint venture is that the Group receives seventy five percent of the benefit and has equal share in management decisions.

As of 31 December 2018, the Group's share of profit retained by joint venture was US$83,770 which was used to reduce its total undistributed loss to US$756,648. The total undistributed loss is tracked off Balance Sheet and will be used against any future profits earned by Powertree and allocated to the Group.

As of 31 December 2019, the Group's share of profit retained by joint venture was US$872,645 which was used to reduce its total undistributed loss to zero and increase the Groups investment in joint venture to $115,997.

HPPGCO did not have direct investments in joint ventures at 31 December 2019 and 2018.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The registered office for all subsidiary undertakings is 2nd Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL.

HPPGCO has issued a guarantee under Section 479C of the Companies Act 2006 for the year ended 31 December 2019 in respect of its principal subsidiaries listed above. HPPGCO guarantees all outstanding liabilities to which the subsidiary companies are subject to as at 31 December 2019, until they are satisfied in full and the guarantee is enforceable against HPPGCO by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479A of the Companies Act 2006.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

The list of consolidated subsidiaries is as follows:

Name of company	Class of shares	Holdings	Principal activity
Hartree Partners Supply (UK) Limited	Ordinary	100%	Supply agent
Hartree Partners Power Holdings (UK) Limited	Ordinary	100%	Holding company
Hartree Partners Capital Management (UK) Limited	Ordinary	100%	Management company
Hartree Partners Securities (UK) Limited	Ordinary	100%	Equity trading company
Seascale Power Limited	Ordinary	100%	SPV – Peaking Power
Hartree Solutions Limited	Ordinary	100%	SPV – Peaking Power
Hartee Land Limited	Ordinary	100%	SPV – Peaking Power
Kingsmoor Power Limited	Ordinary	100%	SPV – Peaking Power
Hartree Peaking (Holdings) Limited	Ordinary	100%	Holding company
St. Helen's Power Limited	Ordinary	100%	SPV – Peaking Power
Rydberg Development Company Limited	Ordinary	100%	SPV – Peaking Power
Wincham Lane Power Limited	Ordinary	100%	SPV – Peaking Power
Merlin Park Power Limited	Ordinary	100%	SPV – Peaking Power
Hilcote Power Limited	Ordinary	100%	SPV – Peaking Power
Attfields Power Limited	Ordinary	100%	SPV – Peaking Power
Kendal Road Power Limited	Ordinary	100%	SPV – Peaking Power
KWB Power Limited	Ordinary	100%	SPV – Peaking Power
Haverton Hill Power Limited	Ordinary	100%	SPV – Peaking Power

12. STOCKS

GROUP AND HPPGCO	2019 US$	2018 US$
Trading stocks	823,477	12,809,966
	823,477	12,809,966

13. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	Notes	2019 US$	2018 US$
Trade receivables	17	244,134,195	114,396,201
Margin from broker	17	44,050,556	77,124,155
Collateral	17	11,723,873	7,626,129
Loan receivable	16/17	6,185,437	5,371,745
Prepayments, employee advances and other assets		398,096	237,944
Deferred tax asset		204,066	-
Tax receivable		-	301,917
		306,696,223	205,058,091

HPPGCO	2019 US$	2018 US$
Trade receivables	244,131,354	113,965,414
Margin from broker	48,029,989	57,421,707
Collateral	11,723,873	7,626,129
Deferred tax asset	204,066	-
Tax receivable	-	301,917
Prepayments, employee advances and other assets	43,145	-
	304,132,427	179,315,167

Trade receivables include the net fair value of closed derivative contracts (Note 17).

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	Notes	2019 US$	2018 US$
Loans payable	17/19	-	56,298,300
Trade payables	17	118,364,843	74,019,966
Margin to broker	17	53,212,354	22,331,320
Payable to Hartree and affiliates	17	35,002,191	67,633,863
Collateral	17	29,144,761	25,526,887
Accruals and VAT payable		19,660,091	8,993,583
Corporate tax payable		1,826,833	390,056
Deferred tax liability		439,969	-
		257,651,042	255,193,975

HPPGCO	2019 US$	2018 US$
Loans payable	-	56,298,300
Trade payables	118,364,649	71,964,480
Margin to broker	53,212,354	22,331,320
Payable to Hartree and affiliates	23,951,289	32,228,458
Collateral	29,144,761	25,526,887
Accruals and VAT payable	19,213,123	8,436,559
Corporate tax payable	1,826,833	390,056
	245,713,009	217,176,060

Trade payables include the net fair value of closed derivative contracts (Note 17). Trade payables are due to be settled within 30 days.

15. SHARE CAPITAL

	2019 US$	2018 US$
Allotted, called up and fully paid 40,001 shares of £ 1	56,924	56,924

The Company did not pay any dividends in 2019 or 2018.

16. RELATED PARTY TRANSACTIONS AND COMMITMENTS

The Group has provided a subordinated loan to Powertree for construction cost and working capital of the gas-fired power station projects. As of 31 December 2019, Powertree has borrowed US$6,185,437 (2018: US$ 5,371,745) and the Group has an unfunded commitment of US$877,249 (2018: US$851,494).

For all other related parties, the Group and 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 Group and are therefore considered to be key management personnel. Total remuneration in respect of these individuals is US$5,232,600 (2018: US$1,540,000). Only one of five Directors received remuneration for services to the Group for 2019 and 2018 (Note 6).

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17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (GROUP ONLY)

The Group trades equities, futures, forwards, swaps, options, and foreign exchange derivatives, which are included on the Consolidated Balance Sheet at fair value.

The accounting classification of each category of financial instruments and their carrying amounts are set out below.

At 31 December 2019	Notes	31 December 2019 At amortized cost US$	31 December 2019 At fair value through profit or loss US$
Financial assets			
Investment - equity purchased		-	31,837,402
Derivative contracts:			
Commodity		-	58,613,500
Foreign exchange and other		-	58,232,017
Trade receivables	13	244,134,195	-
Collateral	13	11,723,873	-
Margin from broker	13	44,050,556	-
Loan receivable	13	6,185,437	-
Cash at bank and in hand		5,166,114	-
Financial liabilities			
Trade payables	14	(118,364,843)	-
Collateral	14	(29,144,761)	-
Payable to Hartree and affiliates	14	(35,002,191)	-
Margin to broker	14	(53,212,354)	-
Investment - equity not yet purchased		-	(27,290,662)
Derivative contracts:			
Commodity		-	(60,888,505)
Foreign exchange and other		-	(2,390,867)

At 31 December 2018	Notes	31 December 2018 At amortized cost US$	31 December 2018 At fair value through profit or loss US$
Financial assets			
Investment - equity purchased		-	37,947,590
Product financing loan receivable		7,007,438	-
Derivative contracts:			
Commodity		-	99,423,287
Foreign exchange and other		-	59,735,499
Trade receivables	13	114,396,201	-
Margin from broker	13	77,124,155	-
Collateral	13	7,626,129	-
Loan receivable	13	5,371,745	-
Cash at bank and in hand		7,627,352	-
Financial liabilities			
Trade payables	14	(74,019,966)	-
Collateral	14	(25,526,887)	-
Payable to Hartree and affiliates	14	(67,633,863)	-
Loans payable	14/19	(56,298,300)	-
Margin to broker	14	(22,331,320)	-
Investment - equity not yet purchased		-	(46,259,551)
Derivative contracts:			
Commodity		-	(84,016,867)
Foreign exchange and other		-	(3,149,638)

17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (GROUP ONLY) (continued)

In determining fair value, the Group separates financial instruments into two categories: Investment - equity purchased/ not yet purchased and derivative contracts. Investment - equity purchased/ not yet purchased is generally classified within Level 1 and included actively traded equity products. Derivative contracts which are exchange traded in active markets typically fall within Level 1. To value derivatives that are characterized as Level 2 and 3, the Group uses observable inputs or unobservable inputs respectively for similar instruments that are available from exchanges, pricing services, or broker quotes. These observable inputs may be supplemented with other methods, including internal extrapolation, that result in the most representative prices for instruments with similar characteristics.

Multiple inputs may be used to measure fair value; however, the level of fair value for financial instrument is based on the lowest significant input level within this fair value hierarchy. Details on the methods and assumptions used to determine the fair values of the financial assets and liabilities are as follows:

Fair value measurements based on Level 1 inputs: The unadjusted quoted price in an active market for identical assets or liabilities. The fair value of certain of Group's exchange traded instruments such as equities, futures and options are considered Level 1.

Fair value measurements based on Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. Measurements based on Level 2 inputs include over-the-counter derivative instruments that are priced on an exchange traded curve but have contractual terms that are not identical to exchange traded contracts. The Group utilizes fair value measurements based on Level 2 inputs for certain forwards, swaps, and options.

Fair value measurements based on Level 3 inputs: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. The Group may utilize market prices, third-party pricing information or prior transactions to arithmetically estimate the value of these positions.

The following tables provide the fair value of the Group's financial assets and liabilities based on this hierarchy:

	31 December 2019					
	Level 1 US $	Level 2 US $	Level 3 US $	Gross amounts US $	Gross amounts offset US $	Net amounts presented on the Consolidated Balance Sheet US$
Financial assets, at fair value:						
Investment - equity purchased	31,837,402	-	-	31,837,402	-	31,837,402
Derivative contracts:						
Commodity	25,898,722	77,049,268	17,306,131	120,254,121	(61,640,621)	58,613,500
Foreign exchange and other	56,376,195	1,310,148	1,870,721	59,557,064	(1,325,047)	58,232,017
Total assets	114,112,319	78,359,416	19,176,852	211,648,587	(62,965,668)	148,682,919
Financial liabilities, at fair value:						
Investment - equity not yet purchased	(27,290,662)	-	-	(27,290,662)	-	(27,290,662)
Derivative contracts:						
Commodity	(18,668,170)	(85,125,231)	(18,735,725)	(122,529,126)	61,640,621	(60,888,505)
Foreign exchange and other	-	(2,055,649)	(1,660,265)	(3,715,914)	1,325,047	(2,390,867)
Total liabilities	(45,958,832)	(87,180,880)	(20,395,990)	(153,535,702)	62,965,668	(90,570,034)

17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (GROUP ONLY) (continued)

	31 December 2018					
	Level 1 US $	Level 2 US $	Level 3 US $	Gross amounts US $	Gross amounts offset US $	Net amounts presented on the Consolidated Balance Sheet US$
Financial assets, at fair value:						
Investment - equity purchased	37,947,590	-	-	37,947,590	-	37,947,590
Derivative contracts:						
Commodity	39,587,351	99,968,047	6,636,910	146,192,308	(46,769,021)	99,423,287
Foreign exchange and other	58,859,441	598,139	461,327	59,918,907	(183,408)	59,735,499
Total assets	136,394,382	100,566,186	7,098,237	244,058,805	(46,952,429)	197,106,376
Financial liabilities, at fair value:						
Investment - equity not yet purchased	(46,259,551)	-	-	(46,259,551)	-	(46,259,551)
Derivative contracts:						
Commodity	(74,738,433)	(15,223,119)	(40,824,336)	(130,785,888)	46,769,021	(84,016,867)
Foreign exchange and other	(3,119,398)	(183,408)	(30,240)	(3,333,046)	183,408	(3,149,638)
Total liabilities	(124,117,382)	(15,406,527)	(40,854,576)	(180,378,485)	46,952,429	(133,426,056)

The Group has entered into agreements that include netting provisions with its counterparties. The application of the rights to "set off" pursuant to netting provisions reduced the Group's credit exposure by US$108,310,095 at 31 December 2019 and US$106,445,581 at 31 December 2018. The following table shows the gross amounts of recognized financial assets and liabilities (i.e. before offsetting) and the amounts offset in the Consolidated Balance Sheet:

	31 December 2019				
	Gross amounts US$	Gross amounts offset US$	Net amounts presented on the Consolidated Balance Sheet US$	Cash collateral (received) paid US$	Net amount US$
Derivative assets	179,811,185	(62,965,668)	116,845,517	(9,259,669)	107,585,848
Derivative liabilities	(126,245,040)	62,965,668	(63,279,372)	9,069,518	(54,209,854)
Investment – equity purchased	31,837,402	-	31,837,402	-	31,837,402
Investment – equity not yet purchased	(27,290,662)	-	(27,290,662)	-	(27,290,662)
Trade receivables	289,478,622	(45,344,427)	244,134,195	(19,885,092)	224,249,103
Trade payables	(163,709,270)	45,344,427	(118,364,843)	2,654,355	(115,710,488)

17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (GROUP ONLY) (continued)

	31 December 2018				
	Gross amounts	Gross amounts offset	Net amounts presented on the Consolidated Balance Sheet	Cash collateral (received) paid	Net amount
	US$	US$	US$	US$	US$
Derivative assets	206,111,215	(46,952,429)	159,158,786	(17,987,692)	141,171,094
Derivative liabilities	(134,118,934)	46,952,429	(87,166,505)	4,367,052	(82,799,453)
Investment – equity purchased	37,947,590	-	37,947,590	-	37,947,590
Investment – equity not yet purchased	(46,259,551)	-	(46,259,551)	-	(46,259,551)
Trade receivables	173,889,353	(59,493,152)	114,396,201	(7,539,195)	106,857,006
Trade payables	(133,513,118)	59,493,152	(74,019,966)	3,259,077	(70,760,889)

As a writer of options, HPPGCO receives a premium at the outset and then bears the risk of unfavorable changes in the price of the derivative underlying the option. Futures and exchange traded options are typically liquidated by entering into offsetting contracts. Over-the-counter option contracts, swaps and forwards are either liquidated with the same counterparty or held to the settlement date.

18. RISK MANAGEMENT

In the ordinary course of business, the Group manages a variety of risks including market risk, credit risk, liquidity risk, and operational risk. The Group identifies, measures and monitors risk through various control mechanisms, including position limits, trading duration, value at risk and credit limits.

Market Risk:
Market risk is the risk of potential adverse changes to the value of derivatives and equities because of changes in market conditions such as volatility in commodity prices. The Group manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques that evaluate the effect of various market conditions on financial instruments including derivatives.

The Group uses value at risk to monitor and control commodity price risk related to trading activities. The value at risk model uses historical simulation and the results represent the statistical potential loss in fair value over one day at a 95% confidence level. Results may vary from time to time as trading strategies change. At 31 December 2019 and 2018, the Group has set US$4,952,491 and US$2,329,050 as value at risk, respectively.

Credit Risk:
The Group could be exposed to credit losses if counterparties fail to fulfill their obligations and the collateral is not sufficient to cover the exposure. The majority of counterparty risk is with trading and financial institutions. The Group has formulated credit review policies to control credit risk by following an established credit approval process, daily monitoring of net exposure to individual counterparties, requiring additional collateral where appropriate, and using master netting agreements whenever possible. The Group believes that the credit risk inherent in the ultimate settlement of the transactions outstanding at year end will not have a material effect on the Group and HPPGCO's financial condition. No trade receivables are past due or impaired at 31 December 2019 or 31 December 2018.

Liquidity Risk:
Liquidity risk arises in the general funding of the Group's trading activities. It includes the risks of not being able to fund trading activities and liquidate positions in a timely manner at a reasonable price. The Group manages its liquidity risk by performing cash forecasts through calculating long term forward position exposures and assessing future trading strategies based on any capital constraints and, when appropriate, through the use of guarantees and the funding arrangement with Hartree.

18. RISK MANAGEMENT (continued)

Operational Risk:
Operational risk is the potential for loss caused by a deficiency in information gathering, transaction processing, settlement processing or accounting systems. The Group maintains controls that include systems and procedures to record and reconcile transactions and positions, and to procure necessary documentation for its trading activities.

19. LOANS PAYABLE

In February 2015, Hartree has entered into borrowing base revolving credit facility with a bank group. In March 2017, Hartree amended and restated the bank facility to extend the borrowing base revolving credit facility (the "ABL Bank Facility"). The ABL Bank Facility is split between two tranches (Uncommitted Tranche and Committed Tranche). The amount of credit available under the ABL Bank Facility is limited to the amount of a borrowing base consisting of eligible receivables, inventory, derivative assets/ liabilities, cash and brokerage accounts and other assets. The assets of Hartree and the standalone assets of HPPGCO are pledged as collateral under this agreement. Both companies, Hartree and HPPGCO, provide cross-guarantees of each other's obligations. Outstanding borrowings accrue interest at market rates based on a base rate, cost of funds rate, or the London Interbank offered rate plus applicable margin, and letters of credit incur a fee, both as outlined in the credit agreement. The payment terms and conditions vary, dependent upon the type of credit accommodation Hartree may draw.

The ABL facility requires Hartree to meet certain financial covenants on a monthly basis, including minimum net working capital and tangible net worth ratios. It also imposes certain other limitations, including, but not limited to, certain limitations on other indebtedness, capital expenditures, liens, transfers of assets, investments, loans, advances, dividends, other distributions, modifications of risk-management policies, and transactions with affiliates.

In June 2018, the Joinder Agreement was signed to add HPPGCO as eligible borrower to the ABL Bank Facility.

In February 2019, the ABL Bank Facility was amended and restated to extend the borrowing base revolving credit facility to US$1.3 billion. The Uncommitted Tranche of US$650 million is scheduled to terminate in February 2021 and the Committed Tranche for the remaining US$650 million is scheduled to terminate in February 2022.

At 31 December 2018, HPPGCO had US$56,298,300 of loans outstanding and US$8,219,327 of letters of credit outstanding under the ABL Bank Facility. At 31 December 2018, HPPGCO's credit line available under the ABL Bank Facility was US$79,660,998.

At 31 December 2019, HPPGCO had zero of loans outstanding and US$10,200,186 of letters of credit outstanding under the ABL Bank Facility. At 31 December 2019, HPPGCO's credit line available under the ABL Bank Facility was US$131,769,170.

20. SUBSEQUENT EVENTS

Impact of COVID-19

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on global economic and market conditions and trigger a period of global economic slowdown.

Management considers this to be a non-adjusting subsequent event. While the commodities markets have become more volatile, to date, the Group continues to operate normally. The Group`s business model is based on trading activities which, at present, remain unaffected by the current COVID-19 pandemic. The traders have moved to remote working and all operations are running as usual. The Directors of the Group believe there is no material adverse financial impact on the Group`s assets and liabilities or the 2020 results to date; however, at this stage, we cannot predict with any great degree of confidence the longer term impact on the operating results of the Group as a result of the COVID -19 pandemic.

Hartree Partners Power & Gas Company (UK) Limited
Registered number: 4308186

Notes to the financial statements
For the year ended 31 December 2019

20. SUBSEQUENT EVENTS (continued)

Asset disposal

Effective January 1, 2020, the Company distributed equity interest of the following subsidiaries to Hartree:

Name of company	Class of shares	Holdings	Principal activity
Hartree Partners Power Holdings (UK) Limited	Ordinary	100%	Holding company
Hartree Partners Capital Management (UK) Limited	Ordinary	100%	Management company
Hartree Solutions Limited	Ordinary	100%	SPV – Peaking Power
Hartee Land Limited	Ordinary	100%	SPV – Peaking Power
Kingsmoor Power Limited	Ordinary	100%	SPV – Peaking Power
Hartree Peaking (Holdings) Limited	Ordinary	100%	Holding company
St. Helen's Power Limited	Ordinary	100%	SPV – Peaking Power
Rydberg Development Company Limited	Ordinary	100%	SPV – Peaking Power
Wincham Lane Power Limited	Ordinary	100%	SPV – Peaking Power
Merlin Park Power Limited	Ordinary	100%	SPV – Peaking Power
Hilcote Power Limited	Ordinary	100%	SPV – Peaking Power
Attfields Power Limited	Ordinary	100%	SPV – Peaking Power
Kendal Road Power Limited	Ordinary	100%	SPV – Peaking Power
KWB Power Limited	Ordinary	100%	SPV – Peaking Power
Haverton Hill Power Limited	Ordinary	100%	SPV – Peaking Power