

# **Ballantyne Brokers Ltd**

## **Annual Report and Financial Statements**

For the period ended 31 December 2020

Registered No: 12508663



## **Ballantyne Brokers Ltd**

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Registered No: 12508663

### **Directors**

R Kimmel (appointed: 24 March 2020)  
J G Harris (appointed: 27 April 2021)  
R E C Ballantyne (appointed: 8 July 2021)  
S L Crabb (appointed: 17 May 2021)  
W H D Moore (appointed: 8 July 2021)  
R P Spragg (appointed: 8 July 2021)

### **Auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
30 Finsbury Square  
London  
EC2A 1AG

### **Registered Office**

Warnford Court  
Throgmorton Street  
London  
EC2N 2AT

## Ballantyne Brokers Ltd

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### Contents

|  |         |
|--|---------|
| Strategic report                         | 3 - 4   |
| Directors' report                        | 5 - 7   |
| Statement of Directors' responsibilities | 8       |
| Independent Auditor's report             | 9 - 12  |
| Profit and Loss Account                  | 13      |
| Balance Sheet                            | 14      |
| Statement of changes in equity           | 15      |
| Notes to the financial statements        | 16 – 21 |

## Ballantyne Brokers Ltd

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### **Strategic report** to the members of Ballantyne Brokers Ltd

The Directors present their Strategic Report for the 9 month period ended 31 December 2020.

Ballantyne Brokers Ltd ('the Company') undertakes insurance market activities with the principal activity of an insurance broker. The Company was formerly known as K2 Brokerage Limited.

Ballantyne Brokers Ltd is an appointed representative of Ambant Limited ('Ambant') who are regulated by the Financial Conduct Authority.

#### **Results and dividends**

The financial results are set out in the profit and loss account on page 13.

At the year end the Company had a shareholder deficit of £0.2m. No dividends were paid during the period.

#### **Key performance indicators**

|                 | 2020 |
|-----------------|------|
|                 | £m   |
| Turnover        | 0.0  |
| Loss before tax | 0.2  |

The Company is a direct subsidiary of K2 Group Holdings Limited which in turn is owned by K2 Hold Co LP ('K2 US'), a company operating in the USA.

During 2020, the management focussed on developing an infrastructure to support offering brokerage services in 2021. This includes recruitment of key personnel, becoming an appointed representative of Ambant and developing a suitable IT infrastructure. This has driven a loss of £0.2m before tax for the period.

#### **Principal Risks and Uncertainties**

A review of the principal risks and uncertainties faced by the Company, and how it mitigates against them, is set out in the Directors' Report.

#### **Greenhouse Gas Emissions**

The Company has assessed its energy consumption for the period ended 31 December 2020 to be less than 40,000 KHW and is therefore categorised as a Low Energy User and exempt from the greenhouse gas emission disclosure requirements under The Companies Act 2006.

Ballantyne Brokers Ltd

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## **Strategic report (continued)**

**to the members of Ballantyne Brokers Ltd**

### **Section 172 Statement**

The Company has an established Governance, Risk Management and Internal Control Framework which facilitates detailed Board and Committee review. The Framework also ensures that Directors take into account all relevant factors in accordance with their duties prior to making and minuting major Board decisions and that the Board makes decisions for the long-term success of the Company and its stakeholders including customers, suppliers, regulators and employees. The Board considers conclusions from the Company's regular review of the Framework to improve Board and Committee activities and decision-making processes.

### **Supplier Payment Policy and performance**

It is the Company's policy to agree appropriate terms and conditions in advance with its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.

### **Shareholders**

Engagement with shareholders is essential for the long-term success of the Company. Shareholders are engaged through board meetings and regular monthly updates on business performance. The discussions covered include performance of the Company, corporate governance, employee compensation and the strategic direction of the Company.

### **Employment policies and diversity**

During the period the Company employed an average of 1 person who was employed in the United Kingdom.

The Board recognises that the continuing success of the Company depends on its employees and is adopting policies designed to retain, attract, develop and train talented individuals and teams.

The Company is an equal opportunities employer and bases decisions on an individual's ability regardless of race, religion, gender, age or disability.

### **Customers**

Customer care is within the Board's main area of interest. Listening to our customers' needs and acting in their best interest is our priority. Working with the international markets, we bring innovative and tailored solutions to our customers, and once built, we maintain long lasting relationships with them. The Company's engagement with customers is routinely discussed in monthly meetings.

### **Regulatory relationships**

The Company is an appointed representative of Ambant. The Company engages with Ambant in a transparent manner, facilitated by the Company's legal and compliance team which reports on a regular basis to the board and deals with any ad hoc queries.

Approved by the Board of Directors on 15 September 2021 and signed on its behalf by



Robert Kimmel  
Director  
Ballantyne Brokers Ltd  
Warnford Court  
Throgmorton Street  
London, EC2N 2AT

## Ballantyne Brokers Ltd

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### **Directors' report** to the members of Ballantyne Brokers Ltd

The directors present their report and audited accounts together with the financial statements and auditor's report for the 9 months ended 31 December 2020. The Company was incorporated on the 10 March 2020.

#### **Principal activity**

The Company undertakes insurance market activities with the principal activity being of an insurance broker.

#### **Directors**

The current directors of the Company are listed on page 1.

The directors of the Company who served during the period under review and up to the date of this report were:

R Kimmel (appointed: 24 March 2020)  
J G Harris (appointed: 27 April 2021)  
R E C Ballantyne (appointed: 8 July 2021)  
S L Crabb (appointed: 17 May 2021)  
W H D Moore (appointed: 8 July 2021)  
R P Spragg (appointed: 8 July 2021)  
R J Coello (appointed: 29 May 2020, resigned: 16 November 2020)  
D Carson (appointed: 29 May 2020, resigned: 16 November 2020)  
N Hunter (appointed: 10 March 2020, resigned: 29 May 2020)

#### **Directors' liabilities**

The Company has granted an indemnity to all directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force at the date of approving the directors' report.

#### **Future developments**

The Company expects to continue to operate as an insurance broker for the foreseeable future. The Company continues to develop and recruit key personnel to support its brokerage activities. There are currently no adverse future expected developments.

The Company has not been, nor expects to be impacted by Covid-19. It is expected that turnover will be earned as expected in 2021, receivables will be collected in a timely manner and the Company can effectively work remotely. The Directors have therefore determined that there are no material items to be disclosed as a result of Covid-19.

#### **Dividends**

Dividends paid to parent company during the period was £nil.

#### **Going concern**

The directors are confident the Company is a going concern and have adequate resources to continue in operational existence for the foreseeable future. Operational support is provided to the Company from K2 Group Services Limited, a direct subsidiary of K2 Group Holdings Limited. Both the UK parent company and ultimate parent company in the US have provided assurance that all group companies will be supported throughout.

## Ballantyne Brokers Ltd

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### **Directors' report (continued)** to the members of Ballantyne Brokers Ltd

#### **Financial instruments**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

##### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. A fellow Group company has entered into derivative contracts to provide a commercial hedge against these exposures in 2021 and 2022.

##### **Credit risk**

In future accounting periods, the Company's principal financial assets are expected to be trade receivables. The amounts presented in the balance sheet will be net of allowance for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

##### **Liquidity risk**

The Company's liquidity is managed by a fellow Group company which continuously monitors forecast and actual cash flows. The Company has access to funds from the ultimate parent if required.

#### **Principal risks and uncertainties**

The management of the business and the execution of the strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to:

- competition from other insurance brokers;
- the relative value of sterling against our key currencies, notably the US Dollar and the Australian Dollar;
- in respect of Brexit, the Company has considered the implications of leaving the EU and does not believe it will have a material impact.

There are regular leadership group meetings to review strategic risks, a strategic planning process and due diligence and risk assessments to help mitigate against the above risks. The Company does not expect the risks going forward to differ to those currently faced.

#### **Events after the balance sheet date**

Refer to note 13 for further detail on events after the balance sheet date.

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Ballantyne Brokers Ltd

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**Directors' report (continued)**  
to the members of Ballantyne Brokers Ltd

**Independent auditors**

The auditors, Grant Thornton, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 15 September 2021 and signed on its behalf by:



Robert Kimmel  
Director  
Ballantyne Brokers Ltd  
Warnford Court  
Throgmorton Street  
London, EC2N 2AT



Ballantyne Brokers Ltd

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## Statement of Directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, "the financial reporting standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Ballantyne Brokers Ltd

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### **Independent Auditor's report** to the members of Ballantyne Brokers Ltd

#### **Opinion**

We have audited the financial statements of Ballantyne Brokers Ltd (the 'company') for the period ended 31 December 2020, which comprise Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 state of the company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## Ballantyne Brokers Ltd

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### **Independent Auditor's report (continued)** **to the members of Ballantyne Brokers Ltd**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

#### **Matter on which we are required to report under the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 for the financial statements**

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

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

## Ballantyne Brokers Ltd

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### **Independent Auditor's report (continued)** to the members of Ballantyne Brokers Ltd

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the following laws and regulations were the most significant:
  - Companies Act 2006;
  - Financial Reporting Standard 102.

We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures as to whether they had knowledge of any actual, suspected or alleged fraud. We corroborated the results of our inquiries through our review of Board minutes.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The Company's operations, including the nature of its revenue sources and services and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - The Company's control environment to mitigate risks of fraud or non-compliance with the relevant laws and regulations.
- In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
  - Knowledge of the industry in which the Company operates.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking the completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

**Ballantyne Brokers Ltd**

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**Independent Auditor's report (continued)**  
**to the members of Ballantyne Brokers Ltd**

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

**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.

*Grant Thornton UK LLP*

William Pointon  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
17/9/2021

## Ballantyne Brokers Ltd

**Profit and Loss Account**

For the 9 month period ended 31 December 2020

|                             | Notes | 2020<br>£'000 |
|-----------------------------|-------|---------------|
| Administrative expenses     |       | (236)         |
| <b>Loss before taxation</b> |       | <b>(236)</b>  |
| Tax credit on loss          | 4     | 39            |
| <b>Loss for the period</b>  |       | <b>(197)</b>  |

All operations derive from continuing activities.

A statement of comprehensive income has not been prepared as there is no other comprehensive income for the current financial period other than as stated in the profit and loss account.

The accompanying notes form an integral part of the financial statements.

## Ballantyne Brokers Ltd

# Balance Sheet

As at 31 December 2020

|   | Notes | 2020<br>£'000 |
|---|-------|---------------|
| <b>Current assets</b>                                 |       |               |
| Debtors:  |       |               |
| - due within one year                                 | 5     | 3             |
|   |       | <u>3</u>      |
| <b>Creditors: amounts falling due within one year</b> | 6     | (200)         |
|   |       | <u>(197)</u>  |
| <b>Net liabilities</b>                                |       | <u>(197)</u>  |
| <b>Capital and reserves</b>                           |       |               |
| Called up share capital                               | 7     | -             |
| Profit and loss account                               |       | (197)         |
|   |       | <u>(197)</u>  |
| <b>Equity shareholders' deficit</b>                   |       | <u>(197)</u>  |

The accompanying notes form an integral part of the financial statements for Ballantyne Brokers Limited, which were approved by the Board of Directors on 15 September 2021 and signed on its behalf.



Robert Kimmel  
Director  
Ballantyne Brokers  
Warnford Court  
Throgmorton Street  
London, EC2N 2AT

## Ballantyne Brokers Ltd

**Statement of changes in equity**

For the 9 month period ended 31 December 2020

|  | Called up<br>share<br>capital | Profit and<br>loss account | Total<br>equity<br>shareholders'<br>funds |
|--|-------------------------------|----------------------------|---|
|  | £'000                         | £'000                      | £'000                                     |
| Share capital issued                       | -                             | -                          | -   |
| Total comprehensive<br>loss for the period | -                             | (197)                      | (197)                                     |
| <i>As at 31 December 2020</i>              | -                             | (197)                      | (197)                                     |



## Ballantyne Brokers Ltd

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### Notes to the accounts

For the period ended 31 December 2020

The accompanying notes form an integral part of the financial statements.

The financial statements are presented in pound sterling and rounded to thousands.

#### 1. Accounting policies

##### Company information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in 2020. The address of the Company's registered office is shown on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

As permitted by FRS 102, the Company has taken advantage of certain disclosure exemptions available under this standard including those related to the statement of cash flows.

##### General information and basis of accounting

The accounts are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

##### Going concern

The financial statements have been prepared under the going concern basis. After making enquiries, the directors are confident the Company is a going concern and have adequate resources to continue in operational existence for the foreseeable future. Operational support is provided to the Company from K2 Group Services Limited, a direct subsidiary of K2 Group Holdings Limited. Both the UK parent company and ultimate parent company in the US have provided assurance that all group companies will be supported throughout or until such point that they are no longer owned by K2 Group Holdings Limited.

In addition, cashflow and profit & loss forecasts have been sensitized to provide comfort sufficient resources are available.

Covid-19 has not had a significant impact on the Company during 2020 and it is not expected to have a material impact going forward.

##### Pensions

All employees are eligible to become members of a group defined contribution pension scheme within three months service.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Ballantyne Brokers Ltd

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## Notes to the accounts (continued)

For the period ended 31 December 2020

### 1. Accounting policies (continued)

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rules and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the end of the month. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting period end date. Gains and losses arising on translation are included in the income statement for the period.

#### Other financial liabilities

Other financial liabilities, including intercompany borrowing and other short-term monetary liabilities, are measured at cost.

## Ballantyne Brokers Ltd

# Notes to the accounts (continued)

For the period ended 31 December 2020

## 1. Accounting policies (continued)

### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

#### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company has adopted the disclosure and presentation requirements of Sections 11 and 12 of FRS 102.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### (ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### (iii) Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements and estimates in the process of applying the Company's accounting policies during the period.

## Ballantyne Brokers Ltd

**Notes to the accounts (continued)**

For the period ended 31 December 2020

**2. Operating loss****2020****£'000**

Operating loss is stated after charging:

**Staff costs including directors' emoluments:**

|                            |     |
|----------------------------|-----|
| Salaries (including bonus) | 101 |
| Social security costs      | 13  |
| Other pension costs        | 7   |
| Other staff costs          | 57  |

|           |    |
|-----------|----|
| Audit fee | 10 |
|-----------|----|

In addition to the above audit fee, non-audit tax services were received from Grant Thornton during the period. These were paid for and borne by a fellow group company, K2 Group Services Limited, on behalf of all companies in the UK K2 group.

The average number of employees during the period was 1.

**3. Directors' remuneration**

No directors received any emoluments or remuneration in the period.

**4. Tax on loss on ordinary activities****2020****£'000**

Taxation credit comprises:

**Current tax**

|                           |      |
|---------------------------|------|
| UK corporation tax at 19% | (39) |
|---------------------------|------|

|   |      |
|---|------|
| Tax credit on loss on ordinary activities | (39) |
|---|------|

**Factors affecting the tax credit for the period**

The tax rate for the period is explained below:

**2020****£'000**

|  |       |
|--|-------|
| Loss on ordinary activities before tax | (236) |
|--|-------|

|   |      |
|---|------|
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% | (45) |
|---|------|

Effects of:

|                             |   |
|-----------------------------|---|
| Other permanent differences | 6 |
|-----------------------------|---|

|                                 |      |
|---------------------------------|------|
| Total tax credit for the period | (39) |
|---------------------------------|------|

The UK Government has enacted reductions in the main tax rate to 19% from 1 April 2020. At the balance sheet date, the deferred tax asset has been provided for at rates at which management believe the assets will be utilised.

## Ballantyne Brokers Ltd

**Notes to the accounts (continued)**

For the period ended 31 December 2020

**5. Debtors – amounts falling due within one year**

|             | 2020<br>£'000 |
|-------------|---------------|
| Prepayments | 3             |
|             | <u>3</u>      |

**6. Creditors – amounts falling due within one year**

|                                  | 2020<br>£'000 |
|----------------------------------|---------------|
| Amount due to parent undertaking | 152           |
| Accruals                         | 48            |
|                                  | <u>200</u>    |

**7. Called up share capital**

|  | 2020<br>£ |
|--|-----------|
| Allotted, called up and fully paid:<br>10 Class A Ordinary Shares of £1 each | 10        |
| As at December 2020  | <u>10</u> |

Class A ordinary shareholders are entitled to attend and vote at general meetings of the company with one vote per A ordinary share held. Dividends shall be distributed among the holders of A ordinary shares. Class A shares carry no right of redemption.

**8. Pensions**

The Group operates a defined contribution pension scheme, the assets being held separate from the group in independently administered funds. The total paid by the Company into the scheme in the period was £7,000. There were no prepaid or outstanding contributions by the Company at the year end.

**9. Related party transactions**

At the period end, included within creditors was £152,000 owed to the parent company.

During the period, key management personnel compensation totalled £109,000.

**10. Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern. Cash management is controlled by another group company. The capital structure of the company consists of an intra-group loan and equity comprising of share capital, share premium, other reserve and retained earnings.

The capital structure of the company is reviewed annually by management.

## Ballantyne Brokers Ltd

**Notes to the accounts (continued)**

For the period ended 31 December 2020

**11. Financial instruments**

The company has the following financial instruments held at amortised cost:

|                                    | <b>2020</b>  |
|------------------------------------|--------------|
|                                    | <b>£'000</b> |
| <b>Financial liabilities</b>       |              |
| Amounts owed to parent company     | (152)        |
| Other creditors                    | (48)         |
|                                    | <hr/>        |
| <b>Total financial liabilities</b> | <b>(200)</b> |
|                                    | <hr/>        |

**12. Ultimate parent undertaking**

The parent undertaking is K2 Group Holdings Limited, a company registered and operating in England and Wales.

The ultimate parent undertaking and controlling entity is K2 Hold Co LP a company registered and operating in the United States of America. The ultimate parent undertaking is the smallest and largest to consolidate these financial statements. Copies of the K2 Hold Co LP financial statements can be obtained from the Company Secretary at 11452 El Camino Real, Suite 250, San Diego, CA 92130.

**13. Post balance sheet events**

There have been no post balance sheet events.