

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
BALLANTYNE BROKERS LTD**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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BALLANTYNE BROKERS LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

Mr R E C Ballantyne
Mr S L Crabb
Mr J G Harris
Mr W H D Moore
Mr R P Spragg

SECRETARY:

Mr J G Harris

REGISTERED OFFICE:

Warnford Court
Throgmorton Street
London
EC2N 2AT

REGISTERED NUMBER:

12508663 (England and Wales)

AUDITORS:

Acuity Professional Partnership LLP
Unit 2.02 High Weald House
Glovers End
Bexhill
East Sussex
TN39 5ES

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Activities of insurance agents and brokers.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr R E C Ballantyne
Mr S L Crabb
Mr J G Harris
Mr W H D Moore
Mr R P Spragg

Other changes in directors holding office are as follows:

Mr D G Ledger - resigned 17 October 2022

Mr R Kimmel ceased to be a director after 31 December 2022 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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;
- 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

The auditors, Acuity Professional Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr R E C Ballantyne - Director

1 March 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLANTYNE BROKERS LTD

Opinion

We have audited the financial statements of Ballantyne Brokers Ltd (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, Balance Sheet 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 2022 and of its loss 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 Auditors' 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

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.

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.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLANTYNE BROKERS LTD

Matters on which we are required to report by exception

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLANTYNE BROKERS LTD

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

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

We have assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, as low by way of enquiry and current year analytical review and testing.

We have enquired with management and those charged with governance to obtain an understanding of the legal and regulatory framework applicable to the entity and, through our audit testing, our findings have confirmed that the entity is complying with the relevant frameworks.

We have enquired with management and those charged with governance to obtain an understanding of the entity's policies and procedures relating to compliance with laws and regulations. Through our testing, we have reviewed all relevant documentation and confirm that there have been no instances of non-compliance.

Through enquiry, analytical review, walkthrough testing and substantive testing we have obtained an understanding of the entity's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud.

We have confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations and fraud.

Listed above is the extent of procedures we have taken to detect material misstatements in respect of irregularities, including fraud, to which we have found no instances.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLANTYNE BROKERS LTD

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 a Report of the Auditors 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.

Rachel Taylor (Senior Statutory Auditor)
for and on behalf of Acuity Professional Partnership LLP
Unit 2.02 High Weald House
Glovers End
Bexhill
East Sussex
TN39 5ES

5 March 2024

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER		1,335,453	568,523
Cost of sales		<u>603,452</u>	<u>-</u>
GROSS PROFIT		732,001	568,523
Administrative expenses		<u>2,136,851</u>	<u>2,050,979</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(1,404,850)	(1,482,456)
Tax on loss	4	<u>-</u>	<u>(264,326)</u>
LOSS FOR THE FINANCIAL YEAR		(1,404,850)	(1,218,130)
Retained earnings at beginning of year		<u>(1,414,902)</u>	<u>(196,772)</u>
RETAINED EARNINGS AT END OF YEAR		<u>(2,819,752)</u>	<u>(1,414,902)</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	2021 £
CURRENT ASSETS			
Debtors	5	194,427	131,150
Cash at bank		<u>110,000</u>	<u>-</u>
		304,427	131,150
CREDITORS			
Amounts falling due within one year	6	<u>3,124,169</u>	<u>1,546,042</u>
NET CURRENT LIABILITIES		<u>(2,819,742)</u>	<u>(1,414,892)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,819,742)</u>	<u>(1,414,892)</u>
CAPITAL AND RESERVES			
Called up share capital	7	10	10
Retained earnings		<u>(2,819,752)</u>	<u>(1,414,902)</u>
SHAREHOLDERS' FUNDS		<u>(2,819,742)</u>	<u>(1,414,892)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 1 March 2024 and were signed on its behalf by:

Mr R E C Ballantyne - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Ballantyne Brokers Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

TURNOVER

Commission

The Company acts as a broking intermediary on behalf of its clients. Broking may include negotiation and placement of insurance risks with underwriters on behalf of clients. Performance obligations may also include post-inception maintenance of policies including amendment, endorsement, renewals and claims. These services are performed in return for premium based commissions or service fees. Commission payments are earned net of premium payments and are recognised when clients are issued debit notes for premia. Fee income is recognised when clients are invoiced.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. 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.

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.

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.

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.

Other financial liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FOREIGN CURRENCIES

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

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

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 year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 13 (2021 - 8).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	-	(264,326)
Tax on loss	-	(264,326)

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Other debtors	115,879	74,446
Prepayments and accrued income	78,548	56,704
	<u>194,427</u>	<u>131,150</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	46,708	-
Amounts owed to group undertakings	3,022,845	1,407,292
Accruals and deferred income	54,616	138,750
	<u>3,124,169</u>	<u>1,546,042</u>

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
10	Ordinary	1	<u>10</u>	<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. RELATED PARTY DISCLOSURES

Included within administration expenses are recharges paid to a fellow group company of £194,409 (2021 - £158,844). All transactions were conducted on an arm's length basis on normal trading terms. At the year end, included within creditors was £3,022,846 (2021 - £1,407,000) owed to the parent company.

William Moore, director, was also a director and employee of another company within the year. The transactions within the year totalled £23,000. There were no outstanding amounts at year end.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. POST BALANCE SHEET EVENTS

Until 18 January 2023 the parent undertaking was K2 Group Holdings Limited, a company registered and operating in England and Wales.

The ultimate parent undertaking and controlling entity was K2 Hold Co LP, a company registered and operating in the United States of America. The ultimate parent undertaking was 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.

On 18 January 2023 K2 Group Holdings Limited sold their shares in Ballantyne Brokers Limited as part of a management buyout.

Part of the transaction included the writing off a significant portion of the amounts owed to group undertakings as irrecoverable with the remaining balance being converted to a loan at arm's length.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.