

**REPORT OF THE MEMBERS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
K2 EQUITY PARTNERS LLP**



DTE Business Advisers Limited
Chartered Accountants
The Exchange
5 Bank Street
Bury
BL9 0DN

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

| | Page |
|---|-------------|
| General Information | 1 |
| Report of the Members | 2 |
| Income Statement | 3 |
| Balance Sheet | 4 |
| Reconciliation of Members' Interests | 6 |
| Notes to the Financial Statements | 7 |

K2 EQUITY PARTNERS LLP
GENERAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DESIGNATED MEMBERS: M D Spence
E J Kearney

REGISTERED OFFICE: Herdwork
Underley Business Centre
Kirkby
Lonsdale
LA6 2DY

REGISTERED NUMBER: OC323527 (England and Wales)

ACCOUNTANTS: DTE Business Advisers Limited
Chartered Accountants
The Exchange
5 Bank Street
Bury
BL9 0DN

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2020**

The members present their report with the financial statements of the LLP for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the LLP is the provision of management and other services to entities in which the LLP has an interest and to third parties.

DESIGNATED MEMBERS

The designated members during the year under review were:

M D Spence

E J Kearney

A Wild – resigned 5 April 2020

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The profit for the year before members' remuneration and profit shares was £91,376 (2019 - £255,921 profit).

MEMBERS' INTERESTS

As stated in the LLP agreement dated 8 February 2007, the taking of any profit or capital contributions out of the LLP requires the unanimous consent of the members.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE MEMBERS:



.....
M D Spence - Designated member

Date: 19 April 2021

K2 EQUITY PARTNERS LLP (REGISTERED NUMBER: OC323527)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

| | Notes | 2020 £ | 2019 £ |
|---|-------|----------------------|-----------------------|
| REVENUE | | 174,102 | 320,371 |
| Administrative expenses | | <u>(42,171)</u> | <u>(27,730)</u> |
| OPERATING PROFIT | | 131,931 | 292,641 |
| Share of results of associates and joint ventures | 4 | <u>(37,417)</u> | <u>(36,577)</u> |
| | | 94,514 | 256,064 |
| Interest receivable and similar income | | <u>-</u> | <u>2,246</u> |
| | | 94,514 | 258,310 |
| Interest payable and similar expenses | | <u>(3,138)</u> | <u>(2,389)</u> |
| PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES | | <u>91,376</u> | <u>255,921</u> |
| PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES | | 91,376 | 255,921 |
| Members' remuneration charged as an expense | | <u>(91,376)</u> | <u>(255,921)</u> |
| PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS | | <u>-</u> | <u>-</u> |

The notes form part of these financial statements

K2 EQUITY PARTNERS LLP (REGISTERED NUMBER: OC323527)

**BALANCE SHEET
31 MARCH 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 6 | 129,608 | 112,883 |
| CREDITORS | | | |
| Amounts falling due within one year | 7 | <u>(129,608)</u> | <u>(112,883)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | - | - |
| CREDITORS | | | |
| Amounts falling due after more than one year | 8 | <u>(728,484)</u> | <u>(691,067)</u> |
| NET LIABILITIES ATTRIBUTABLE TO MEMBERS | | <u>(728,484)</u> | <u>(691,067)</u> |
| MEMBERS' OTHER INTERESTS | | | |
| Members' capital classified as equity | | <u>(728,484)</u> | <u>(691,067)</u> |
| | | <u>(728,484)</u> | <u>(691,067)</u> |
| TOTAL MEMBERS' INTERESTS | | | |
| Members' other interests | | (728,484) | (691,067) |
| Amounts due from members | 6 | <u>(128,748)</u> | <u>(88,526)</u> |
| | | <u>(857,232)</u> | <u>(779,593)</u> |

The LLP is entitled to exemption from audit under Section 477 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 for the year ended 31 March 2020.

The members acknowledge their responsibilities for:

- ensuring that the LLP keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and
- preparing financial statements which give a true and fair view of the state of affairs of the LLP as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to financial statements, so far as applicable to the LLP.

The notes form part of these financial statements

BALANCE SHEET - continued
31 MARCH 2020

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

The financial statements were approved by the members of the LLP and authorised for issue on 19 April 2021 and were signed by:



.....
M D Spence - Designated member

K2 EQUITY PARTNERS LLP (REGISTERED NUMBER: OC323527)

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 MARCH 2020**

| | EQUITY | DEBT | | | TOTAL MEMBERS' INTEREST | |
|--|---|--|-----------------|------------------|-------------------------|------------------|
| | Members' other interests | Loans and other debts due to members less any amount due from members in debtors | | | | |
| | Members' capital (classified as equity) £ | Members' capital (classified as debt) £ | Other amounts £ | Total debt £ | 2020 £ | 2019 £ |
| Members' interests at 1 April 2019 | (691,067) | (88,526) | - | (88,526) | (868,119) | (685,516) |
| Members' remuneration charged as an expense, including employment costs and retirement benefit costs | - | - | 91,376 | 91,376 | 182,752 | 255,921 |
| | <u>(691,067)</u> | <u>(88,526)</u> | <u>91,376</u> | <u>2,850</u> | <u>(685,367)</u> | <u>(429,595)</u> |
| Allocation of profit for the financial year | - | - | (91,376) | (91,376) | (91,376) | (255,921) |
| Other divisions of profits | (37,417) | 128,793 | | 128,793 | 91,376 | 255,921 |
| Repayment of debt (including members' capital classified as a liability) | - | (169,015) | - | (169,015) | (169,015) | (349,998) |
| Members' interests at 31 March 2020 | <u>(728,484)</u> | <u>(128,748)</u> | <u>-</u> | <u>(128,748)</u> | <u>(854,382)</u> | <u>(779,593)</u> |

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

1. **STATUTORY INFORMATION**

K2 Equity Partners LLP is a limited liability partnership incorporated in England and Wales. The registered number is OC323527 and registered office is Herdwork, Underley Business Centre, Kirkby, Lonsdale, LA6 2DY.

The LLP's principal activities and nature of its operations are disclosed in the Members' Report.

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 requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

Going concern

At the year end the LLP had net liabilities of £728,484 (2019 - £691,067). Included in creditors falling due after more than one year are amounts due to related parties totalling £728,484 (2019 - £691,067) for which there is no requirement for the Limited LLP to repay. It is anticipated that these liabilities will be satisfied from the LLP's share of future profits from these entities.

Turnover

Turnover represents the amounts recoverable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------------------------------|-------------------|
| Fixtures, fittings and equipment | 33.3% p.a on cost |
|----------------------------------|-------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Financial instruments

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the LLP's statement of financial position when the LLP becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where they exists as an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held 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 vents that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the LLP after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

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

3. EMPLOYEE INFORMATION

There were no employees in the current or prior year.

4. SHARE RESULTS OF ASSOCIATES AND JOINT VENTURES

During the year the LLP received an attributable share of losses from the following entities in which the LLP is a member:

| | 2020 £ | 2019 £ |
|--------------------|----------------------|----------------------|
| NR Investors LP | (1,795) | 6,920 |
| Natural Land 4 LLP | <u>39,212</u> | <u>29,657</u> |
| | <u><u>37,417</u></u> | <u><u>36,577</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

5. PROPERTY, PLANT AND EQUIPMENT

**Plant and
machinery
etc
£**

COST

At 1 April 2019
and 31 March 2020

320

DEPRECIATION

At 1 April 2019
and 31 March 2020

320

NET BOOK VALUE

At 31 March 2020

-

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|---------------|-----------------------|-----------------------|
| Trade debtors | - | 24,147 |
| Other debtors | <u>129,608</u> | <u>88,736</u> |
| | <u><u>129,608</u></u> | <u><u>112,883</u></u> |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|------------------------------|-----------------------|-----------------------|
| Bank loans and overdrafts | 48,880 | 37,833 |
| Trade creditors | 828 | 862 |
| Taxation and social security | 2,667 | 7,975 |
| Other creditors | <u>77,233</u> | <u>66,213</u> |
| | <u><u>129,608</u></u> | <u><u>112,883</u></u> |

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2020 £ | 2019 £ |
|-----------------|----------------|----------------|
| Other creditors | <u>728,484</u> | <u>691,067</u> |

Other creditors represents the LLP's share of cumulative losses as at the year end as follows:

| | 2020 £ | 2019 £ |
|--------------------|-----------------------|-----------------------|
| NR Investors LP | 534,799 | 545,594 |
| Natural Land 4 LLP | <u>184,685</u> | <u>145,473</u> |
| | <u><u>719,484</u></u> | <u><u>112,883</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

9. LOANS AND OTHER DEBTS DUE TO MEMBERS

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

10. RELATED PARTY TRANSACTIONS

The LLP is a member of NR Investors Limited Partnership. During the year the LP received a share of profits from NR Investors LP amounting to £1,795 (2019 - (£6,920) share of losses). Included within creditors due after more than one year is an amount of £544,159 (2019 - £545,954) which is due to NR Investors Limited Partnership and is the LLP's cumulative share of losses as at 31 March 2020, as shown in the accounts of NR Investors Limited Partnership. Included in other debtors is a loan owed by NR Investors LP of £650 (2019: £nil)

The LLP is a member of Natural Land 4 LLP. During the year the LLP supplied services amounting to £80,000 (2019 - £52,000). Also during the year the LLP received a share of losses from Natural Land 4 LLP amounting to £39,212 (2019 - £29,657). Included within creditors due after more than one year is an amount of £184,685 (2019 - £145,473) which is due to Natural Land 4 LLP and is the LLP's share of cumulative losses at 31 March 2020, as shown in the accounts of Natural Land 4 LLP.

The designated members M Spence, E Kearney and A Wild are directors of Natural Assets Investments Limited in which the LLP has an interest. During the year the LLP supplied services amounting to £64,000 (2019 - £96,000) to Natural Assets Investments Limited.

Also during the year the LLP was recharged expenses amounting to £nil (2019 - £nil) by Natural Assets Investments Limited. The amount payable to Natural Assets Investments Limited at the year end was £48,583 (2019 - £48,583).

Natural Assets Investments Limited is the parent company of Natural Land 3 Limited. During the year the LLP loaned £4,000 (2019 - £4,000) from Natural Land 3 Limited. This amount was outstanding at the year end.

K2 Equity Partners LLP is a designated member of Natural Land 5 LLP, at 31 March 2020 the LLP owed £210 (2019 - £210) included in other debtors for expenses paid on behalf of Natural Land 5 LLP.

11. CONTROL

The LLP is controlled by its members as delegated to the management team and as such there is no controlling party.