

Limited Liability Partnership Registration No. OC323527 (England and Wales)

**K2 EQUITY PARTNERS LLP**  
**REPORT AND UNAUDITED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2018**  
**PAGES FOR FILING WITH REGISTRAR**



**K2 EQUITY PARTNERS LLP****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
<b>Current assets</b>					
Debtors	3	103,316		93,609	
<b>Creditors: amounts falling due within one year</b>	4	<u>(103,316)</u>		<u>(93,609)</u>	
<b>Net current assets</b>			-		-
<b>Creditors: amounts falling due after more than one year.</b>	5		(654,490)		(638,724)
<b>Net liabilities attributable to members</b>			<u>(654,490)</u>		<u>(638,724)</u>
<b>Represented by:</b>					
<b>Members' other interests</b>					
Members' capital classified as equity			(654,490)		(638,724)
			<u>(654,490)</u>		<u>(638,724)</u>
<b>Total members' interests</b>	6				
Amounts due from members			(31,026)		(79,508)
Members' other interests			(654,490)		(638,724)
			<u>(685,516)</u>		<u>(718,232)</u>

The members have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2018 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.

The members acknowledge their responsibility for complying with the requirements of the Companies Act 2006 (as applied to limited liability partnerships) with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the special provisions of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit)(Application of the Companies Act 2006) Regulations 2008) applicable to LLPs subject to the small LLPs regime.

## K2 EQUITY PARTNERS LLP

### STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2018

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The financial statements were approved by the members and authorised for issue on 13/11/18..... and are signed on their behalf by:



A Wild

Designated member

# K2 EQUITY PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### Limited liability partnership information

K2 Equity Partners LLP is a limited liability partnership incorporated in England and Wales. The registered office is 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

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

#### Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published January 2017). The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the LLP. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Going concern

At the year end the LLP had net liabilities of £654,490 (2016 - £638,724). Included in creditors falling due after more than one year are amounts due to related parties totalling £654,490 (2017 - £638,724) 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.

#### 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 there exists 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.

# K2 EQUITY PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies (Continued)

#### **Tangible fixed assets**

Tangible fixed assets 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 1/3% p.a. on cost
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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.

#### **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.

#### **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.

#### **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.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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 events 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.

# K2 EQUITY PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies (Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***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.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

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

## K2 EQUITY PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

#### 2 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 April 2017 and 31 March 2018	320
<b>Depreciation and impairment</b>	
At 1 April 2017 and 31 March 2018	320
<b>Carrying amount</b>	
At 31 March 2018	-
At 31 March 2017	-

#### 3 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	5,919	12,879
Amounts due from members	31,026	79,508
Other debtors	66,371	1,222
	<u>103,316</u>	<u>93,609</u>

#### 4 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	39,137	41,261
Trade creditors	9,804	365
Other taxation and social security	2,742	-
Other creditors	51,633	51,983
	<u>103,316</u>	<u>93,609</u>

#### 5 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	<u>654,490</u>	<u>638,724</u>

## K2 EQUITY PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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**5 Creditors: amounts falling due after more than one year  
(Continued)**

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

	2018	2017
	£	£
NR Investors LP	538,674	531,783
(Formerly Natural Retreats LP)		
Natural Land 4 LLP	115,816	106,941
	<u>654,490</u>	<u>638,724</u>

There is no requirement for the LLP to repay these amounts. It is anticipated that the liabilities will be satisfied from the LLP's share of future profits.



## K2 EQUITY PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

#### 6 Reconciliation of Members' Interests

	EQUITY		DEBT		TOTAL	
	Members' other interests	Loans and other debts due to members less any amounts due from members in debtors	Total debt		MEMBERS' INTERESTS	
	Members' capital (classified as equity)	Members' capital (classified as debt)	Other amounts		2018	2017
	£		£	£	£	£
Members' interests at 1 April 2017	(638,724)	(79,508)	-	(79,508)	(718,232)	(2,453,060)
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	69,716	69,716	69,716	1,770,994
Members' interests after loss and remuneration for the year	(638,724)	(79,508)	69,716	(9,792)	(648,516)	(682,066)
Allocation of profit for the financial year	-	-	(69,716)	(69,716)	(69,716)	(1,770,994)
Other divisions of profits	(15,766)	85,482	-	85,482	69,716	1,770,994
Repayment of debt (including members' capital classified as a liability)	-	(37,000)	-	(37,000)	(37,000)	(36,166)
Members' interests at 31 March 2018	(654,490)	(31,026)	-	(31,026)	(685,516)	(718,232)

## K2 EQUITY PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 7 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.

#### 8 Related party transactions

The LLP is a member of NR Investors Limited Partnership (formerly Natural Retreats Limited Partnership). Included within creditors due after more than one year is an amount of £538,674 (2017 - £531,783) which is due to NR Investors Limited Partnership (formerly Natural Retreats Limited Partnership) and is the LLP's cumulative share of losses as at 31 March 2018, as shown in the accounts of NR Investors Limited Partnership (formerly Natural Retreats Limited Partnership).

The designated members M Spence, E Kearney and A Wild have an interest in The Great Travel Company Limited, which has a 100% interest in The UK Great Travel Company Limited (formerly Natural Retreats UK Limited). During the year the LLP recharged expenses amounting to £22,709 (2017 - £3,306) to The UK Great Travel Company Limited (formerly Natural Retreats UK Limited). At 31 March 2018 £5,418 (2017 - £2,172) was due to the LLP and is included in trade debtors and £20,000 (2017 - £nil) is included in other debtors..

The UK Great Travel Company Limited (formerly Natural Retreats UK Limited) has a 100% interest in Harbour Holidays (Rock) Limited. During the year the LLP recharged services amounting to £384 (2017 - £1,132). At 31 March 2018 trade debtors includes £66 (2017 - £632) due from Harbour Holidays (Rock) Limited.

The LLP has entered into a composite unlimited multilateral guarantee dated 22 December 2014 in respect of the bank borrowings of the LLP and Natural Assets Investments Limited and group companies. At 31 March 2018 the total borrowings covered by the guarantee amounted to £4,528,446 (2017 - £3,920,222).

The LLP is a member of Natural Land 4 LLP. At 31 March 2018 £nil (2017- £40) was due to the LLP and is included in trade debtors. Included within creditors due after more than one year is an amount of £115,816 (2017 - £106,941) which is due to Natural Land 4 LLP and is the LLP's share of cumulative losses as at 31 March 2018, as shown in the accounts of Natural Land 4 LLP.

During the year the LLP made a loan of £43,971 (2017 - £nil) to Natural Land 4 LLP. Interest amounting to £2,190 (2017 - £nil) has been charged on the loan and the balance owing from Natural Land 4 LLP at 31 March 2018 amounted to £46,161 (2017 - £nil) and is included in other debtors.

The LLP was a member of Blue Sky Capital Partners LLP. During the previous year an amount of £1,312,880 due to Blue Sky Capital Partners LLP was written off.

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 £96,000 (2017 - £96,000) to Natural Assets Investments Limited. Included in trade debtors at 31 March 2018 is £nil (2017 - £9,600) due from Natural Assets Investments Limited. Also during the year the LLP was recharged for expenses amounting to £nil (2017- £1,042) by Natural Assets Investments Limited

Also during the year the LLP was recharged expenses amounting to £nil (2017 - £48,583) by Natural Assets Investments Limited. The amount payable to Natural Assets Investments Limited at the year end was £48,583 (2017 - £48,583).

#### 9 Control

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