

# Purepromoter Ltd

Annual Report and Financial Statements

Year Ended

31 March 2018

Company Number 04266410

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# Purepromoter Ltd

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## Company Information

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<b>Directors</b>	S Dawson D Sneddon D T Kelly (appointed 29 June 2018) P M Neeson (appointed 29 June 2018) M Ash (appointed 17 July 2018)
<b>Registered number</b>	04266410
<b>Registered office</b>	Units A-E Level 3 South New England House Brighton East Sussex BN1 4GH
<b>Independent auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# Purepromoter Ltd

## Strategic Report For the Year Ended 31 March 2018

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The directors present their strategic report together with the audited financial statements for the year ended 31 March 2018.

### **Fair review and performance**

Recognised revenue fell from £7,675k to £6,745k though losses fell from (£749k) to (£407k). Gross Margin is now 75.6% due to product mix as we built out sales in our integrated suite of marketing solutions. Administrative expenses fell by 19.9% as savings from our infrastructure migration came into effect. We also saw salary savings as we adopted a more efficient cost to acquire model.

In FY18, we also realigned our customer facing team under single Customer Success leadership to drive improved customer service and tailored strategic support. This has been a significant success and we continue to focus on the success of our customers.

In FY18 we spent £862k behind developing our product as we ramped up our 3rd party product and technology team in Lisbon.

During the year Scottish Equity Partners demonstrated their continued support of the business with cash injection of £300k into the parent company to support further development of product.

In May 2018 new General Data Protection Regulations (GDPR) came in to effect. Through FY18, we created a cross functional team to review all our processes and features in context of a Data Controller but also as a Processor. Pure 360 is not only fully compliant to the requirements of GDPR but is also fully committed to supporting its customers too.

### **Principal risks and uncertainties**

It is still too early to predict the long term impact of GDPR on the email market but if volumes drop and stay at a significantly lower level then there could be a negative impact on recognised revenue in FY19. As a business, we continue to monitor the impact and to provide marketing support and guidance to customers wishing to rebuild customer databases.

New legislation came into force on 30th Sept 2017, namely the Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion (CCO). PurePromoter undertook an audit and the directors deem very low risk. We will continue with an annual audit and reporting to Board.

### **Future developments of the business**

We continue to focus on providing quality support to our customers and will look to enhance our services offering through FY19 leveraging the experienced resources in our Customer Success team.

# Purepromoter Ltd

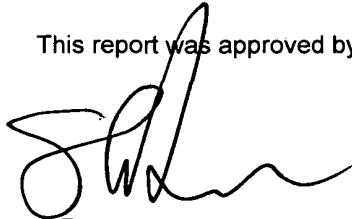
**Strategic Report (continued)**  
**For the Year Ended 31 March 2018**

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## **Key performance indicators**

All new customers join on either 12 or 24 month contract and we continue to convert our existing customers to this more service orientated contract. We now have 55% of our revenue under contract.

This report was approved by the board on 31 July 2018 and signed on its behalf.



**S Dawson**  
Director

# Purepromoter Ltd

## Directors' Report For the Year Ended 31 March 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

### Principal activity

The principal activity of the company during the year was the provision of software and consultancy services to digital marketing professionals.

### Results and dividends

The loss for the year, after taxation, amounted to £406,981 (2017 - loss £749,139).

### Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1 and 2 of the financial statements.

### Directors

The directors who served during the year were:

S Dawson  
D Sneddon (appointed 27 June 2017)

### Financial risk management objectives and policies

The company has adequate controls in place over expenditure and revenue recognition to adequately manage financial risk.

### Research and development

In FY18 we invested £862k (2017 - £1,636k) behind our product.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

# Purepromoter Ltd

## Directors' Report (continued) For the Year Ended 31 March 2018

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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 July 2018 and signed on its behalf.



S Dawson  
Director

# Purepromoter Ltd

## Directors' Responsibilities Statement For the Year Ended 31 March 2018

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has 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 for the company's financial statements and then apply them consistently;
- make judgments 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 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.

# Purepromoter Ltd

## Independent Auditor's report to the member of Purepromoter Ltd

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### Opinion

We have audited the financial statements of Purepromoter Ltd ("the Company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 March 2018 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the directors' 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.



# Purepromoter Ltd

## Independent Auditor's report to the member of Purepromoter Ltd (continued)

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### 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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.

### 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

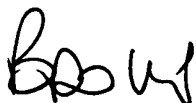
## Purepromoter Ltd

### Independent Auditor's report to the member of Purepromoter Ltd (continued)

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#### Use of our report

This report is made solely to the Company's member, 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom

6/8/18

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Purepromoter Ltd

## Statement of Comprehensive Income For the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	6,745,315	7,675,737
Cost of sales		(1,644,745)	(1,626,537)
<b>Gross profit</b>		<b>5,100,570</b>	<b>6,049,200</b>
Administrative expenses		(6,021,776)	(7,536,727)
R&D tax credit		270,150	431,932
Other operating income	5	244,229	306,455
<b>Operating loss</b>	6	<b>(406,827)</b>	<b>(749,140)</b>
Interest receivable and similar income		81	1
Interest payable and expenses		(235)	-
<b>Loss before tax</b>		<b>(406,981)</b>	<b>(749,139)</b>
Tax on loss	9	-	-
<b>Loss for the year</b>		<b>(406,981)</b>	<b>(749,139)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(406,981)</b>	<b>(749,139)</b>

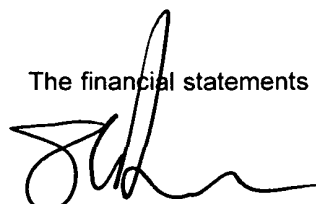
The notes on pages 12 to 23 form part of these financial statements.

**Purepromoter Ltd**  
Registered number: 04266410

**Statement of Financial Position**  
As at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible fixed assets	10		21,125		71,394
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	3,153,948		3,399,039	
Bank and cash balances		172,001		228,252	
		<u>3,325,949</u>		<u>3,627,291</u>	
Creditors: amounts falling due within one year	12	(4,781,557)		(4,726,187)	
<b>Net current liabilities</b>			<u>(1,455,608)</u>		<u>(1,098,896)</u>
<b>Net assets</b>			<u>(1,434,483)</u>		<u>(1,027,502)</u>
<b>Capital and reserves</b>					
Called up share capital	13		465		465
Share premium account	14		9,975		9,975
Profit and loss account	14		(1,444,923)		(1,037,942)
			<u>(1,434,483)</u>		<u>(1,027,502)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**S Dawson**  
Director

31 July 2018

The notes on pages 12 to 23 form part of these financial statements.

## Purepromoter Ltd

### Statement of Changes in Equity For the Year Ended 31 March 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	465	9,975	(1,037,942)	(1,027,502)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(406,981)	(406,981)
<b>Total comprehensive loss for the year</b>	-	-	(406,981)	(406,981)
<b>At 31 March 2018</b>	<b>465</b>	<b>9,975</b>	<b>(1,444,923)</b>	<b>(1,434,483)</b>

### Statement of Changes in Equity For the Year Ended 31 March 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	465	9,975	(288,803)	(278,363)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(749,139)	(749,139)
<b>Total comprehensive loss for the year</b>	-	-	(749,139)	(749,139)
<b>At 31 March 2017</b>	<b>465</b>	<b>9,975</b>	<b>(1,037,942)</b>	<b>(1,027,502)</b>

The notes on pages 12 to 23 form part of these financial statements.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 1. General information

Purepromoter Ltd is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities is disclosed in the director's report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Purepromoter Group (Holdings) Limited as at 31 March 2018 and these financial statements may be obtained from the company's registered office.

#### 2.3 Going concern

The financial statements have been prepared on the going concern basis following a review by the directors of the forecast cash position and the financial facilities available to the business, including the fact that the ultimate shareholders have confirmed their current intention to continue to provide financial support to the company.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.4 Revenue

Turnover principally comprises revenue recognised by the company in respect of e-mail and SMS credits, software services and professional services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales related taxes. The following specific policies exist across our various revenue streams:

##### **E-mail and SMS credits**

Revenue from the sale of e-mail and SMS credits is recognised as the credits are consumed by the customer. Unused credits are carried forward in the statement of financial position as deferred income.

##### **Software Service Fees**

Revenue from software services is recognised on a straight-line basis over the contracted period. Unearned amounts are carried forward in the statement of financial position as deferred income.

##### **Professional Services - Short Term Contracts**

Revenue and profits derived from short term professional service contracts are recognised on completion of the performance obligations, and customer acceptance of the work performed.

##### **Professional Services - Long Term Contracts**

Revenue and profits from the provision of professional services, such as installation, implementation, technical consultancy and training, are recognised on a straight line basis, as costs incurred relate to total costs for the contract, when the outcome of a contract can be estimated reliably.

Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement, whilst calculation of the contract's profit requires estimates of the total contract costs to completion. Cost estimates and judgements are continually reviewed and updated as determined by events or circumstances.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the remaining lease term
Fixtures and fittings	- 20 - 33.33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.



# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.8 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.10 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.11 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.13 Research and development

Expenditure on pure and applied research is charged to the statement of comprehensive income in the year in which it is incurred. Development costs are also charged to the statement of comprehensive income in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

During the year ended 31 March 2018, the company has deducted the research and development credit of £255,620, (2017 - £431,932) from administrative expenses.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.14 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### 2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

#### 2.16 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following :

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	6,466,488	7,230,398
Rest of Europe	79,219	132,849
Rest of the world	199,608	312,490
	<u>6,745,315</u>	<u>7,675,737</u>

### 5. Other operating income

	2018 £	2017 £
Management recharge	234,639	245,236
Net rents receivable	9,590	61,219
	<u>244,229</u>	<u>306,455</u>

### 6. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	862,364	1,636,246
Depreciation of tangible fixed assets	56,802	144,385
Hire of other assets - operating leases	40,987	32,448
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	11,125	10,500
Fees payable to the company's auditor for other non-audit services	4,680	4,590
Exchange differences	(8,083)	1,182
Defined contribution pension cost	31,205	38,445
	<u>31,205</u>	<u>38,445</u>

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	3,497,503	4,588,909
Social security costs	377,188	472,874
Cost of defined contribution scheme	31,205	38,445
	<u>3,905,896</u>	<u>5,100,228</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Employees	<u>82</u>	<u>109</u>

### 8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	162,110	156,967
Company contributions to defined contribution pension schemes	1,490	1,488
	<u>163,600</u>	<u>158,455</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 9. Taxation

	2018 £	2017 £
Current tax on loss for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>(406,981)</u>	<u>(749,139)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	<b>(77,326)</b>	<b>(149,828)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>6,686</b>	15,890
Surrender of tax losses for R&D tax credit refund	<b>70,617</b>	128,792
Deferred tax asset previously unrecognised	<b>23</b>	5,146
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 10. Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	540,216	503,807	1,044,023
Additions	-	6,693	6,693
Disposals	-	(163,251)	(163,251)
At 31 March 2018	<u>540,216</u>	<u>347,249</u>	<u>887,465</u>
<b>Depreciation</b>			
At 1 April 2017	508,234	464,395	972,629
Charge for the year on owned assets	31,982	24,820	56,802
Disposals	-	(163,091)	(163,091)
At 31 March 2018	<u>540,216</u>	<u>326,124</u>	<u>866,340</u>
<b>Net book value</b>			
At 31 March 2018	<u>-</u>	<u>21,125</u>	<u>21,125</u>
At 31 March 2017	<u>31,982</u>	<u>39,412</u>	<u>71,394</u>

### 11. Debtors

	2018 £	2017 £
Trade debtors	824,735	900,915
Amounts owed by group undertakings	1,725,821	1,725,821
Other debtors	54,020	15,636
Prepayments and accrued income	293,752	315,272
Tax recoverable	255,620	441,395
	<u>3,153,948</u>	<u>3,399,039</u>

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £59,074 (2017 - £23,193).

# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	366,389	433,061
Amounts owed to group undertakings	2,231,084	1,705,349
Taxation and social security	335,338	301,146
Accruals and deferred income	1,848,746	2,286,631
	<u>4,781,557</u>	<u>4,726,187</u>

### 13. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary A shares of £1 each	100	100
365 Ordinary B shares of £1 each	365	365
	<u>465</u>	<u>465</u>

### 14. Reserves

The company's capital and reserves are as follows:

#### Share Capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 15. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,205 (2017 - £38,445). Contributions totalling £5,692 (2017 - £6,518) were payable to the fund at the statement of financial position date.



# Purepromoter Ltd

## Notes to the Financial Statements For the Year Ended 31 March 2018

### 16. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	112,575	65,870
Later than 1 year and not later than 5 years	421,036	-
Later than 5 years	38,066	-
<b>Total</b>	<b>571,677</b>	<b>65,870</b>

### 17. Related party transactions

The company is a wholly owned subsidiary of Purepromoter Group (Holdings) Limited and has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102 not to disclose transactions with Purepromoter Group (Holdings) Limited or other wholly owned subsidiaries within the group.

### 18. Ultimate parent undertaking and controlling party

The company is a subsidiary of Purepromoter Group (Holdings) Limited which is the ultimate parent company incorporated in England and Wales. Purepromoter Holdings Limited is the companies direct parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by Purepromoter Group (Holdings) Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Units A-E, Level 7 South, New England House, Brighton, East Sussex, BN1 4GH. No other group accounts include the results of the company.