

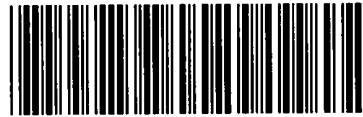
Registered number: 08340026

**PURPOSE EUROPE LIMITED**

**FILLETED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

MONDAY



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COMPANIES HOUSE

**PURPOSE EUROPE LIMITED**  
**REGISTERED NUMBER: 08340026**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 as restated £
<b>Fixed assets</b>			
Tangible assets	4	3,033	611
		<u>3,033</u>	<u>611</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	178,149	3,993
Cash at bank and in hand	6	178,172	23,431
		<u>356,321</u>	<u>27,424</u>
Creditors: amounts falling due within one year	7	(606,869)	(135,559)
<b>Net current liabilities</b>		<u>(250,548)</u>	<u>(108,135)</u>
<b>Total assets less current liabilities</b>		<u>(247,515)</u>	<u>(107,524)</u>
<b>Net liabilities</b>		<u>(247,515)</u>	<u>(107,524)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Profit and loss account		(247,516)	(107,525)
		<u>(247,515)</u>	<u>(107,524)</u>

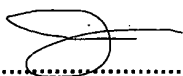
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

20TH FEBRUARY 2018

  
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**J Heimans**  
Director

The notes on pages 2 to 8 form part of these financial statements.

## PURPOSE EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. General information

Purpose Europe Limited is a private company limited by shares and is incorporated in England and Wales with registration number 08340026. The registered office address is Raleigh House, 14C Compass Point Business Park, Stocks Bridge Way, St Ives, Cambridgeshire, United Kingdom, PE27 5JL.

#### 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The company has reported operating losses for each of the two years ended 31 December 2016 and at the balance sheet date the company had liabilities in excess of assets. Whilst the directors are aware of the position of the company, the business is being carried out with the long term aim to return to profitability. The directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis as all debts are paid as and when they fall due, with the support of the parent company. The directors have received assurances from the parent company that this support will continue for the foreseeable future.

##### 2.3 Revenue

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 as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- ☐ the amount of revenue can be measured reliably;
- ☐ it is probable that the Company will receive the consideration due under the contract;
- ☐ the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- ☐ the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.4 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.

## **PURPOSE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **2. Accounting policies (continued)**

##### **2.4 Tangible fixed assets (continued)**

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:

Office equipment	-	20% Straight line
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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 Income and Retained Earnings.

##### **2.5 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.

##### **2.6 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.

##### **2.7 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.

##### **2.8 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.

## **PURPOSE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **2. Accounting policies (continued)**

##### **2.9 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 Income and Retained Earnings 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 Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

##### **2.10 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

##### **2.11 Interest income**

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

##### **2.12 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, 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 balance sheet date in the countries where the Company operates and generates income.

#### **3. Employees**

The average monthly number of employees, including directors, during the year was 9 (2015 - 9).

PURPOSE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Tangible fixed assets

	Office equipment £
<b>Cost or valuation</b>	
At 1 January 2016	2,263
Additions	2,422
At 31 December 2016	<u>4,685</u>
<b>Depreciation</b>	
At 1 January 2016	1,652
At 31 December 2016	<u>1,652</u>
<b>Net book value</b>	
At 31 December 2016	<u>3,033</u>
At 31 December 2015	<u>611</u>

5. Debtors

	2016 £	2015 as restated £
Other debtors	38,050	3,993
Prepayments and accrued income	140,099	-
	<u>178,149</u>	<u>3,993</u>

6. Cash and cash equivalents

	2016 £	2015 as restated £
Cash at bank and in hand	178,172	23,431
	<u>178,172</u>	<u>23,431</u>

# PURPOSE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

	2016 £	2015 as restated £
Trade creditors	9,773	-
Corporation tax	-	95
Other taxation and social security	74,526	20,674
Other creditors	162,725	110,508
Accruals and deferred income	359,845	4,282
	<u>606,869</u>	<u>135,559</u>

### 8. Financial instruments

	2016 £	2015 as restated £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	178,172	23,431
	<u>178,172</u>	<u>23,431</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	172,499	-
	<u>172,499</u>	<u>-</u>

Financial assets measured at amortised cost comprise trade debtors and other balances due in respect of short term loans made.

Financial liabilities measured at amortised cost comprise bank borrowings, hire purchase and finance leases, trade and other creditors.

### 9. Prior year adjustment

A prior year adjustment amounting to £116,861 representing additional overhead charges not previously accounted for has been made in the comparatives of the financial statements for the year ended 31 December 2016.

**PURPOSE EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. Ultimate parent undertaking and controlling party**

The company is a subsidiary of Purpose Global PBC which is incorporated in the USA. The ultimate controlling party is Purpose Global PBC.

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained within FRS 102, section 33, and has therefore not disclosed transactions or balances with entities which form part of the group.



## **PURPOSE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **11. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2016 was a disclaimer of opinion.

The basis of the disclaimer of opinion by the auditors was as follows:

In seeking to form an opinion on the financial statements we considered the implications of significant uncertainties in the financial statements concerning the following matters:

No opinion was expressed on the financial statements for the year ended 31 December 2015, the basis for the disclaimer of opinion was as follows:

"A prior year adjustment amounting to £116,861 representing additional overhead charges has been made in the comparatives of the financial statements for the year ended 31 December 2016 but no corresponding adjustment was reflected in the financial statements for the year ended 31 December 2015. We have not been provided with sufficient appropriate audit evidence to support the adjustment and accordingly have been unable to determine whether the adjustment is appropriate or correctly quantified and the impact of its omission on the financial statements."

This matter remains unresolved and we are unable to determine the effects or possible effects on the current period's figures and the effects or possible effects on the comparability of the current period's figures and corresponding figures.

All the company's transactions were recorded through the accounting records of the parent company and extracted for the purpose of the financial statements. Consequently, we were unable to obtain sufficient appropriate audit evidence as to the completeness of the financial statements and, in particular, we were unable to determine whether wages and subcontract costs were appropriate to the activities of the company and correctly quantified.

Other taxes and social security balances and Trade Debtors included at the balance sheet date were misstated; had adjustments been made the loss for the year would have been reduced by £14,490 and current and net liabilities would also have reduced by £14,490.

There is potential for uncertainties to interact with one another such that we have been unable to obtain sufficient appropriate audit evidence regarding the possible effect of the uncertainties taken together.

In their report, the auditors emphasised the following matter:

In forming our opinion on the financial statements, which is a disclaimer of opinion, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £139,992 during the year ended 31 December 2016 and, at that date, the company's current liabilities exceeded its total assets by £247,515 and it had net current liabilities of £250,548. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

The Senior Statutory Auditor was Kim Clayden  
The auditor was Whiting & Partners