

**Company No: 11634997 (England and Wales)**

**PURE ELECTRIC LIMITED (FORMERLY PURE SCOOTERS LIMITED)**

**Annual Report and Financial Statements  
For the financial year ended 28 February 2021**



**PURE ELECTRIC LIMITED**  
**Annual Report and Financial Statements**  
**For the financial year ended 28 February 2021**

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**PURE ELECTRIC LIMITED**

**COMPANY INFORMATION**

**For the financial year ended 28 February 2021**

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**DIRECTORS**

R E Deniro  
S D Marshall

**SECRETARY**

Quayseco Limited

**REGISTERED OFFICE**

New Farm Offices  
Hartlake  
Glastonbury  
Somerset  
BA6 9AB  
United Kingdom

**COMPANY NUMBER**

11634997 (England and Wales)

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
Bristol  
United Kingdom

**BANKERS**

Barclays Bank Plc  
Leicester  
United Kingdom

**SOLICITORS**

Burges Salmon  
One Glass Wharf  
Bristol  
BS2 0ZX  
United Kingdom

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT**  
**For the financial year ended 28 February 2021**

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The directors present their annual report and the audited financial statements of the Company for the financial year ended 28 February 2021.

The Company was incorporated on 22 October 2018, subsequently, the accounting period was extended to 29 February 2020. Therefore, the comparative period runs from 22 October 2018 to 29 February 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was the engagement in the sale of eScooters and eBikes.

As at 28 February 2021, the Company had 18 stores (2020: 1). Since the year end, a further 9 stores have been opened.

**GOING CONCERN**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero omission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."

This confirms the directors view that e-scooters are approaching legalisation in the UK and that the Company will benefit significantly from first mover advantage with a range of differentiated e-scooter products on legalisation.

The directors are confident that a clear legislative timetable will emerge as part of the 'Future Transport' bill over the coming six months, but the Imminent election of a new Prime Minister and appointment of a new Cabinet renders the ultimate timing of legalisation more uncertain.

To date the business has been funded solely by the majority shareholder, PST Holdings Limited, through its ultimate parent company, Horatio Investments Ltd. In the last financial year the Company made an operating loss of £8.7m and required funding of £19.8m. PST Holdings Ltd has invested a further £19.3m since the balance sheet date.

Current forecasts show that the business will continue to require ongoing funding to continue to trade as a going concern until it benefits from the legalisation of e-scooters in the UK, so the directors are focusing on securing capital to fund its path to profitability and cash generation.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 28 February 2021**

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**GOING CONCERN - CONTINUED**

On 17 December 2021, the Company secured a £10m inventory facility with Secure Trust Bank to assist in funding working capital. This is currently drawn at £2.7m. It is in advanced discussions to extend this facility to a significant proportion of its EU inventory.

In addition, it is in discussions with a number of investors to secure additional capital to allow the business to exploit the significant opportunities that the e-scooter and wider micro-mobility sector presents.

However, in view of the current uncertain macroeconomic environment, the business is also preparing to be able to trade through the next 12 month period without recourse to an external equity raise. The significant reduction in fixed costs from its restructure will reduce the cash burn of the business over the coming year.

Having considered the cash requirements for the next 12 months and having considered the key uncertainties that the business will face over that period, the ultimate shareholder has committed to a further funding of £8.75m (to be reduced by any further capital raised through any other third parties over that period). The directors are of the opinion that this will provide a secure runway to a future larger external raise that will allow the business to grow at pace and scale.

The directors have considered a number of key uncertainties and sensitivities in their financial forecasts, including the timing of legalisation and its impact on trading; unit profitability as the business establishes its brand; and the timing and scale of costs post the business restructure as it sells through discontinued range and exits retail stores.

The business has also considered the opportunities to open new revenue streams and to flex costs to mitigate the impacts of the uncertainties outlined above.

Under these sensitised scenarios the business is able to operate within its funding commitments, including those within the support letter provided by the shareholder.

Notwithstanding these uncertainties, the business has an expert team and a market-leading product in a high-growth category and believes that the growth potential over the coming year is significant.

As a result the directors feel that the business is uniquely positioned for success, and on this basis the accounts have been prepared on a going concern basis.

**CHANGE OF COMPANY NAME**

The Company passed a special resolution on 30 September 2020 changing its name from Pure Scooters Limited to Pure Electric Limited.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 28 February 2021**

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**DIRECTORS**

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

M A Bowles	(Resigned 01 November 2021)
T P Carroll	(Resigned 26 March 2021)
P Davis	(Appointed 05 February 2021, Resigned 28 June 2021)
R E Deniro	(Appointed 26 March 2021)
P Kimberley	(Resigned 10 March 2021)
S D Marshall	(Appointed 01 November 2021)
S T Michell	(Resigned 25 January 2021)

**AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

During the year Deloitte LLP were appointed as auditor.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption provided by section 415A of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



S D Marshall  
Director  
New Farm Offices  
Hartlake  
Glastonbury  
Somerset  
BA6 9AB  
United Kingdom  
28 July 2022

**PURE ELECTRIC LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**For the financial year ended 28 February 2021**

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The directors are responsible for preparing the annual 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 directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 financial period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED**

**For the financial year ended 28 February 2021**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Pure Electric Limited (the 'Company'):

- Give a true and fair view of the state of the Company's affairs as at 28 February 2021 and of its loss for the financial year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The Profit and Loss Account;
- The Balance Sheet;
- The Statement of Changes in Equity;
- The related notes 1 to 15.

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).

**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 Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED (continued)**

**For the financial year ended 28 February 2021**

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**Other matters**

As the Company was exempt from audit under Section 477 of the Companies Act 2006 in the prior period we have not audited the corresponding amounts for that period.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED (continued)  
For the financial year ended 28 February 2021**

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**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and general counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, FRS 102, pensions legislation and tax legislation; and
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Accuracy and occurrence of revenue – controls have been tested around revenue recognition and revenue has been agreed to external monthly sales reports.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED (continued)  
For the financial year ended 28 February 2021**

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**Report on other legal and regulatory requirements**

**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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' Report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

*Andrew Wright*

Andrew Wright, FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

Bristol  
United Kingdom

28 July 2022

**PURE ELECTRIC LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the financial year ended 28 February 2021**

	Year ended 28.02.2021	Period from 22.10.2018 to 29.02.2020
	£	£
Turnover	31,062,699	5,632,697
Cost of sales	(28,285,150)	(5,987,916)
<b>Gross profit/(loss)</b>	<b>2,777,549</b>	<b>(355,219)</b>
Administrative expenses	(11,553,489)	(5,428,006)
Other operating income	3,347	-
<b>Operating loss</b>	<b>(8,772,593)</b>	<b>(5,783,225)</b>
Interest payable and similar expenses	(26,729)	(155)
<b>Loss before taxation</b>	<b>(8,799,322)</b>	<b>(5,783,380)</b>
Tax on loss	(133,438)	1,082,801
<b>Loss for the financial year/period</b>	<b>(8,932,760)</b>	<b>(4,700,579)</b>

PURE ELECTRIC LIMITED

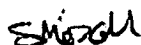
BALANCE SHEET

As at 28 February 2021

	Note	28.02.2021 £	29.02.2020 £ Restated - note 2
<b>Fixed assets</b>			
Intangible assets	6	852,913	3,394
Tangible assets	7	801,690	74,336
		<u>1,654,603</u>	<u>77,730</u>
<b>Current assets</b>			
Stocks	8	11,120,385	3,402,687
Debtors			
- due within one year	9	3,778,211	937,171
- due after more than one year	9	-	133,438
Cash at bank and in hand		1,604,492	305,898
		<u>16,503,088</u>	<u>4,779,194</u>
<b>Creditors</b>			
Amounts falling due within one year	10	(3,252,264)	(9,557,502)
<b>Net current assets/(liabilities)</b>		<u>13,250,824</u>	<u>(4,778,308)</u>
<b>Total assets less current liabilities</b>		<u>14,905,427</u>	<u>(4,700,578)</u>
<b>Creditors</b>			
Amounts falling due after more than one year	11	(28,371,168)	-
Provision for liabilities		(167,597)	-
<b>Net liabilities</b>		<u>(13,633,338)</u>	<u>(4,700,578)</u>
<b>Capital and reserves</b>			
Called-up share capital		1	1
Profit and loss account		(13,633,339)	(4,700,579)
<b>Total shareholder's deficit</b>		<u>(13,633,338)</u>	<u>(4,700,578)</u>

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

The financial statements of Pure Electric Limited (registered number: 11634997) were approved and authorised for issue by the Board of Directors on 28 July 2022. They were signed on its behalf by:



S D Marshall  
Director

**PURE ELECTRIC LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 28 February 2021**

	Called-up share capital	Profit and loss account	Total
	£	£	£
<b>At 22 October 2018</b>	-	-	-
Loss for the financial period	-	(4,700,579)	(4,700,579)
<b>Total comprehensive loss</b>	-	(4,700,579)	(4,700,579)
Issue of share capital	1	-	1
<b>At 29 February 2020</b>	<b>1</b>	<b>(4,700,579)</b>	<b>(4,700,578)</b>
 <b>At 01 March 2020</b>	 <b>1</b>	 <b>(4,700,579)</b>	 <b>(4,700,578)</b>
Loss for the financial year	-	(8,932,760)	(8,932,760)
<b>Total comprehensive loss</b>	-	<b>(8,932,760)</b>	<b>(8,932,760)</b>
<b>At 28 February 2021</b>	<b>1</b>	<b>(13,633,339)</b>	<b>(13,633,338)</b>

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 28 February 2021**

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**1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial period.

**General information and basis of accounting**

Pure Electric Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is New Farm Offices, Hartlake, Glastonbury, Somerset, BA6 9AB, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Pure Electric Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

**Going concern**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero emission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."

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**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

---

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However, in view of the current uncertain macroeconomic environment, the business is also preparing to be able to trade through the next 12 month period without recourse to an external equity raise. The significant reduction in fixed costs from its restructure will reduce the cash burn of the business over the coming year.

Having considered the cash requirements for the next 12 months and having considered the key uncertainties that the business will face over that period, the ultimate shareholder has committed to a further funding of £8.75m (to be reduced by any further capital raised through any other third parties over that period). The directors are of the opinion that this will provide a secure runway to a future larger external raise that will allow the business to grow at pace and scale.

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Under these sensitised scenarios the business is able to operate within its funding commitments, including those within the support letter provided by the shareholder.

Notwithstanding these uncertainties, the business has an expert team and a market-leading product in a high-growth category and believes that the growth potential over the coming year is significant.

As a result the directors feel that the business is uniquely positioned for success, and on this basis the accounts have been prepared on a going concern basis.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

**PURE ELECTRIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 28 February 2021**

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**Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the Balance Sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the Balance Sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**Employee benefits**

***Defined contribution schemes***

The Company operates a defined contribution scheme. The amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are included as either accruals or prepayments in the Balance Sheet.

**Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so 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.

**Taxation**

***Current tax***

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

***Deferred tax***

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax assets and liabilities are not discounted.

**Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. The useful life of computer software considered in this Company is five years, therefore, amortised over a five year period.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

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**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment - 20-33% per annum

Fixtures and fittings - 20% per annum

Vehicles - Between 17-33% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Leases**

***The Company as lessee***

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

***Non-financial assets***

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**PURE ELECTRIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 28 February 2021**

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**Financial assets**

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises different materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the Profit and Loss Account.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

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***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

**2. Prior year adjustment**

In the prior year signed financial statements stock in transit was recorded in other debtors, whilst the correct classification should have been in stock. A prior year adjustment has been made in these financial statements to reclassify an amount of £968,316 from other debtors into stock. Prior to the restatement, stock was shown as £2,434,371 and other debtors as £1,044,440. After the prior year adjustment the restated stock number was £3,402,687 and other debtors was £76,124 for the period ended 29 February 2020.

In the prior year signed financial statements deferred tax asset was recorded in provisions for liabilities, whilst the correct classification should have been in debtors: due after more than one year. A prior year adjustment has been made in these financial statements to reclassify an amount of £133,438 from provisions for liabilities into debtors. Prior to the restatement, provisions for liabilities was £133,438 and debtors: due after more than one year was £nil. After the prior year adjustment the restated provisions for liabilities was £nil and debtors: due after more than one year was £133,438 for the period ended 29 February 2020.

The restatement of the comparative numbers had no impact on the Profit and Loss Account for the period ended 29 February 2020 and no impact on net assets at 29 February 2020, with the loss after tax remaining at £4,700,579 and net liabilities remaining at £4,700,578.

**3. Employees**

	Year ended 28.02.2021	Period from 22.10.2018 to 29.02.2020
	Number	Number
Monthly average number of persons employed by the Company during the year, including directors	142	13

See note 13 for details of directors emoluments paid in the current year and prior period. In addition, two directors were remunerated by another member of the Group for their services to the Group. It is not possible to split amounts between services to each company individually. Full disclosure of amounts payable to directors is included in the financial statements of Horatio Investments Limited.

**4. Other operating income**

	Year ended 28.02.2021	Period from 22.10.2018 to 29.02.2020
	£	£
UK Government's Coronavirus Job Retention Scheme Grants	3,347	-

In March 2020 the UK Government made available Coronavirus Job Retention Scheme (CJRS) grants to enable businesses whose trading volumes were impacted by the Covid-19 national and regional lockdowns to retain staff who were unable to work. The company utilised this scheme and secured grants totalling £3,347 (period 22 October 2018 to 29 February 2020: £nil). There are no unfulfilled conditions or other contingencies attaching to these grants.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

**5. Loss before taxation**

Loss before taxation is stated after charging/(crediting):

	Year ended 28.02.2021	Period from 22.10.2018 to 29.02.2020
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	31,000	-
Government grants received (note 4)	(3,347)	-

**6. Intangible assets**

	Computer software	Total
	£	£
<b>Cost</b>		
At 01 March 2020	3,394	3,394
Additions	881,283	881,283
<b>At 28 February 2021</b>	<b>884,677</b>	<b>884,677</b>
<b>Accumulated amortisation</b>		
At 01 March 2020	-	-
Charge for the financial year	31,764	31,764
<b>At 28 February 2021</b>	<b>31,764</b>	<b>31,764</b>
<b>Net book value</b>		
<b>At 28 February 2021</b>	<b>852,913</b>	<b>852,913</b>
At 29 February 2020	3,394	3,394

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

**7. Tangible assets**

	<b>Vehicles</b>	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 01 March 2020	-	-	119,622	119,622
Additions	158,852	258,551	441,953	859,356
At 28 February 2021	<u>158,852</u>	<u>258,551</u>	<u>561,575</u>	<u>978,978</u>
<b>Accumulated depreciation</b>				
At 01 March 2020	-	-	45,286	45,286
Charge for the financial year	8,472	56,988	66,542	132,002
At 28 February 2021	<u>8,472</u>	<u>56,988</u>	<u>111,828</u>	<u>177,288</u>
<b>Net book value</b>				
At 28 February 2021	<u>150,380</u>	<u>201,563</u>	<u>449,747</u>	<u>801,690</u>
At 29 February 2020	<u>-</u>	<u>-</u>	<u>74,336</u>	<u>74,336</u>

**8. Stocks**

	<b>28.02.2021</b>	<b>29.02.2020</b>
	<b>£</b>	<b>£</b>
Stocks	<u>11,120,385</u>	<u>3,402,687</u>

There are no material differences between the replacement cost of stock and the Balance Sheet amounts.

The prior year comparatives have been restated, please refer to note 2 for further details.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

**9. Debtors**

	28.02.2021	29.02.2020
	£	£
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	550,637	111,692
Amounts owed by Parent undertakings	201,060	-
Amounts owed by fellow subsidiaries	1,475,652	-
Amounts owed by related parties	58,065	652,214
Prepayments	203,127	97,141
Other taxation and social security	655,189	-
Other debtors	634,481	76,124
	<u>3,778,211</u>	<u>937,171</u>

**Debtors: amounts falling due after more than one year**

Deferred tax asset	-	133,438
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Amounts owed by fellow subsidiary, related parties and Parent undertakings are unsecured, interest free and repayable on demand.

The prior year comparatives have been restated, please refer to note 2 for further details.

**10. Creditors: amounts falling due within one year**

	28.02.2021	29.02.2020
	£	£
Trade creditors	1,153,640	334,653
Amounts owed to related parties	-	8,552,944
Other creditors	114,297	411,859
Accruals	1,824,465	125,215
Other taxation and social security	159,862	132,831
	<u>3,252,264</u>	<u>9,557,502</u>

Amounts owed to related parties are unsecured, interest free and repayable on demand.

**11. Creditors: amounts falling due after more than one year**

	28.02.2021	29.02.2020
	£	£
Amounts owed to Parent undertakings	<u>28,371,168</u>	-

Amounts owed to Parent undertakings are unsecured, interest free and repayable within five years.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

**12. Financial commitments**

**Commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	28.02.2021	29.02.2020
	£	£
- within one year	923,664	111,306
- between one and five years	2,184,281	86,571
- after five years	431,026	-
	<u>3,538,971</u>	<u>197,877</u>

**13. Related party transactions**

Transactions with owners holding a participating interest in the entity

	28.02.2021	29.02.2020
	£	£
Amounts owed to Horatio Investments Limited	117,916	8,552,944
Amounts owed by Moose Limited	58,065	-
Sales of goods/services to Horatio Investments Limited	46,503	960,804
Sales of goods/services to Moose Limited	58,065	-
Purchase of goods/services from Horatio Investments Limited	(174,055)	(158,788)

Directors' remuneration for the year amounted to £968,805 (2020: £678,005). The directors are the only key management personnel of the Company.

The Company has taken advantage of the exemption granted within Section 33 of FRS 102, which does not require disclosure of transactions between a subsidiary undertaking and other Group undertakings, as 100% of the Company's voting rights are controlled within the Group.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 28 February 2021**

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**14. Events after the Balance Sheet date**

On 17 December 2021, the Company entered into a £10m inventory financing facility with Secure Trust Bank with a minimum contract term of 3 years. This facility is secured by a fixed and floating charge over the assets of the Company and was £2.7m drawn at the signing of the financial statements.

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero omission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."

This confirms the directors view that e-scooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated e-scooter products on legalisation.

To fully exploit this opportunity, the business announced on 4 July 2022 that it would restructure to focus exclusively on its own brand e-scooter development and sales through direct to consumer and third-party retail channels. As a result, it has announced the closure of all but two of its UK and EU stores, and the cessation of all third party and own brand e-bike sales. With its new differentiated own brand scooter products coming to market in Q4 2022, this positions the group in an unrivalled position to exploit the incipient micro-mobility trends and become the leading global e-scooter brand.

The Company envisages an associated write-down of retail store assets of £257k at the balance sheet date.

**15. Ultimate controlling party**

The immediate parent company is PST Holdings Limited, a company incorporated in the United Kingdom with the same registered office address as this Company.

The ultimate parent company is Horatio Investments Limited, a company incorporated in the United Kingdom with the same registered office address as this Company.

The ultimate controlling party is A Norris.