

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
2PURE LIMITED**

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for the Year Ended 31 December 2019

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**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

REVIEW OF BUSINESS

The general market conditions for our sector remained difficult throughout the year due to the overall economic conditions and the uncertainty caused by Brexit.

However during 2019 the company achieved some significant milestones which strategically repositioned the business for growth. The most significant was the integration of the Allcord Outdoor business to create a specialist multi channel distribution business. We acquired this business in January 2019. Our customer base now operates in the Cycle, Run, Sports and Outdoor sectors. This reduces the reliance on one channel whilst increasing our opportunities and attractiveness as a partner for new brands and customers.

As well as integrating the Allcord business, the Company invested significantly in its operational and financial systems, staff development and brand portfolio to ensure the business is positioned in the future to take advantage of market opportunities. These additional investments meant that we accepted increased costs across all areas resulting in a loss during the year. To support these developments and additional investment in 2020 to further develop the digital and ecommerce strategy of the business, the Company successfully raised additional equity during the year.

The Directors are delighted to report that the strategic realignment has been very successful and in 2020 the Company has seen a return to profitability and sales growth in all channels in which we operate, despite the additional challenges and major disruption caused by both the Covid 19 pandemic and Brexit uncertainty in that period. Our investment in digital channels has improved sales, overall margin and the service we can offer customers and suppliers. The investment in tools, resource and specialist digital skills to support digital services has resonated with our suppliers and created interest from new brands looking for a partner who can provide D2C, Amazon and wholesale distribution.

The Directors believe that the investments made in the past 2 years provide a solid foundation to better enable the business to adapt to challenges and opportunities that present themselves in the future. We remain confident of maintaining sales growth and profitability in 2021.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

G F Bowie
Mrs A Bowie
H Stewart
J R Wardlaw

DIRECTORS' INSURANCE AND INDEMNITIES

The directors have the benefit of the indemnity provisions contained in the company's Articles of Association, and the company has maintained throughout the year directors' and officers' liability insurance for the benefit of the company, the directors and its officers.

2PURE LIMITED (REGISTERED NUMBER: SC298940)

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2019**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

G F Bowie - Director

30 December 2020

BALANCE SHEET
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	4		18,022		19,915
CURRENT ASSETS					
Stocks		2,797,579		2,489,886	
Debtors	5	1,831,917		963,574	
Cash at bank		<u>27,545</u>		<u>2,784</u>	
		4,657,041		3,456,244	
CREDITORS					
Amounts falling due within one year	6	<u>4,032,147</u>		<u>2,766,387</u>	
NET CURRENT ASSETS			<u>624,894</u>		<u>689,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			642,916		709,772
PROVISIONS FOR LIABILITIES	9		<u>3,420</u>		<u>3,780</u>
NET ASSETS			<u><u>639,496</u></u>		<u><u>705,992</u></u>
CAPITAL AND RESERVES					
Called up share capital			236		157
Share premium			783,083		583,148
Retained earnings			<u>(143,823)</u>		<u>122,687</u>
SHAREHOLDERS' FUNDS			<u><u>639,496</u></u>		<u><u>705,992</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
31 December 2019

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 30 December 2020 and were signed on its behalf by:

G F Bowie - Director

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

2Pure Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address are as below:

Registered number:	SC298940
Registered office:	46c Bavelaw Road Balerno Edinburgh Midlothian EH14 7AE

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.
Plant and machinery etc - 50% on cost and 25% on cost

The directors undertake an impairment review of tangible fixed assets where there is an indication of impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Basic financial instruments

Short term debtors are measured at transaction price less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Short term creditors are measured at transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction or by using a fixed average rate which is regularly reviewed and updated. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company has reported a loss for the year and is forecasting a profit for the coming year having secured additional funding to allow for a restructuring.

However, in light of the recent Covid-19 pandemic, and in common with most companies in the UK, it is difficult to predict what impact this may have on the economy as a whole and the company's business in particular.

Although it is not possible to reliably estimate the length or severity, at the date of signing these accounts the company had achieved a profit and the balance sheet showed the company had net current assets and is continuing to trade. The directors are actively managing the company on a day to day basis taking into account the changes in market conditions and government support and interventions.

While the business, seen as an essential activity by the government, is not expected to be significantly impacted by the pandemic, the directors have considered the impact of potential reductions in turnover and have implemented cost cutting measures in order to preserve funds and to minimise the impact of any downturn in trade.

The directors consider that following the refinancing in the past year, together with prudent management by the directors and government support, that this will ensure that the company can continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 37 (2018 - 30) .

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2019	251,349
Additions	9,265
At 31 December 2019	<u>260,614</u>
DEPRECIATION	
At 1 January 2019	231,434
Charge for year	11,158
At 31 December 2019	<u>242,592</u>
NET BOOK VALUE	
At 31 December 2019	<u>18,022</u>
At 31 December 2018	<u>19,915</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19 £	31.12.18 £
Trade debtors	1,401,609	848,644
Other debtors	430,308	114,930
	<u>1,831,917</u>	<u>963,574</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19 £	31.12.18 £
Bank loans and overdrafts	1,843,668	1,176,694
Trade creditors	1,394,629	1,479,403
Taxation and social security	212,018	75,306
Other creditors	581,832	34,984
	<u>4,032,147</u>	<u>2,766,387</u>

Included within bank facilities is a trading loan balance of £734,485 which is renewable on a 120 day basis.

Included within other creditors is an investment loan of £100,000 and further short term funding loans of £369,025, these loans being unsecured. The loans bears interest at varying rates and although there are no formal terms for repayment, the directors do not anticipate the repayment of the investment loan being required in the next twelve months.

Included within other creditors are auto enrolment pension contributions of £6,096 (2018 - £3,397).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019**7. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.19 £	31.12.18 £
Within one year	120,135	80,075
Between one and five years	44,050	33,430
	<u>164,185</u>	<u>113,505</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.19 £	31.12.18 £
Bank overdrafts	1,109,183	1,176,694
Bank loans	734,485	-
	<u>1,843,668</u>	<u>1,176,694</u>

In 2018, the bank overdraft partly related to borrowing under an invoice discounting agreement. This was consolidated during 2019 into a new invoice discounting facility together with the advance of 120 day trading loan funding. The balance due on the invoice discounting agreement at 31 December 2019 was £1,109,183 (2018 - £688,509).

The bank facilities are secured by a bond and floating charge over all the assets of the company.

9. PROVISIONS FOR LIABILITIES

	31.12.19 £	31.12.18 £
Deferred tax		
Accelerated capital allowances	<u>3,420</u>	<u>3,780</u>
		Deferred tax
		£
Balance at 1 January 2019		3,780
Credit to Income Statement during year		(360)
Balance at 31 December 2019		<u>3,420</u>

10. RELATED PARTY DISCLOSURES

During the year, total dividends of £87,556 (2018 - £59,550) were paid to the directors .

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

10. RELATED PARTY DISCLOSURES - continued

Remuneration paid to the directors (including pension contributions) amounted to £71,662 (2018 - £24,140). The balance due to the directors on loan accounts at 31 December 2019 was £9,004 (2018 - £9,730). The loans are interest free and with no formal terms for repayment.

In 2018, the net balance due by the then related company, NP Cycles Limited, of £3,839 was written off as a bad debt.

Coralinn LLP, a business holding 49% (2018 - 25%) of the share capital by way of Ordinary B shares, has invested £100,000 by way of fixed loan finance and a further £369,025 by way of short term funding loans. The loans bears interest at variable rates and have no formal terms for repayment, although the directors do not anticipate repayment of the fixed loan being required in the short term.

11. POST BALANCE SHEET EVENTS

As noted in the accounting policies, the company may face issues in respect of the Covid-19 pandemic. This is an ongoing situation and the company is adopting a strategy to manage the ever changing situation as effectively as possible.

The directors are satisfied that the above subsequent events do not affect the company's ability to continue as a going concern and that this basis is appropriate for the preparation of the financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.