

Company Registration No. 05071764 (England and Wales)

**SECRET GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# SECRET GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	F Riggall R Mathews S Skinner C Huey N Blackford M Alexander-Wall
<b>Company number</b>	05071764
<b>Registered office</b>	7 Savoy Court London United Kingdom WC2R 0EX
<b>Auditor</b>	Azets Audit Services 2 Regan Way Chetwynd Business Park Chilwell Nottingham United Kingdom NG9 6RZ

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# **SECRET GROUP LIMITED**

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# SECRET GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

The principal activity of the Company during the year was the production of original, live, immersive shows, under licencing agreements with major film and content studios bringing popular titles into a physical world. The revenue for the year amounted to £6.2 million, down £9.6 million on 2019. This reduction was due to a significantly curtailed production schedule, the result of government-imposed restrictions surrounding the COVID-19 pandemic. The loss for the year, after taxation, amounted to £2.1 million (2019: £2.9 million).

The Company's strategy is to develop shows to be launched initially in the UK and then transferred to international markets. It is in the early stage of international expansion and launched its first show in Shanghai, China in late 2019, and collaborated with Netflix to develop a version of the UK *Stranger Things* show in Los Angeles in 2020.

The 2020 results comprise UK income (in-year element of the London *Stranger Things* production, as well as the summer Drive-In screenings), and US income (in-year element of the *Stranger Things* Los Angeles show).

#### **Principal risks and uncertainties**

The Company's future success is dependent on staging new shows and in continuing to grow average audience size per show, with incremental revenue over a fixed cost base driving enhanced profitability. The principal risks and uncertainties faced relate to ticket sales.

With established relationships with the major global studios, the Company has access to highly popular titles, with substantial audience appeal. The Company has also invested in its marketing capabilities with the aim of increasing ticket sales further.

The COVID-19 pandemic in 2020 and 2021 impacted the Company, along with the whole live entertainment sector, effectively prohibiting all large-scale shows. More details are provided in the Directors' Report.

#### **Development and performance**

After a record year of revenue in 2019, COVID-19 has impacted the business in 2020. During the period, the Company successfully concluded its *Stranger Things* London show as planned. The *Casino Royale* show in Shanghai was curtailed in January 2020 due to local lock-down restrictions.

During the period of lock-down, the Company staged a series of Drive-In outdoor screenings in the UK, innovated a digital format for its shows and collaborated with Netflix to adapt the *Stranger Things* show into a Drive-Through experience in Los Angeles.

#### **Key performance indicators**

The key financial performance indicators are those that measure the financial performance of the Company, these being turnover and profit/loss for the year after taxation. Turnover decreased from £15.8 million to £6.2 million due to the impact of COVID-19, whilst losses after tax were reduced from £2.9 million to £2.1 million, the result of cost control measures put in place to address the disruption from COVID-19.

On behalf of the board

M Alexander-Wall  
**Director**

24 September 2021

# SECRET GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

The principal activity of the Company continued to be that of the production of original, live, immersive shows, under licencing agreements with major film and content studios bringing popular titles into a physical world.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

F Riggall  
R Mathews  
S Skinner  
C Huey  
N Blackford  
M Alexander-Wall

#### Financial instruments

##### *Financial Risk Management Objectives and Policies*

The Company's principal financial instruments comprise bank balances, trade creditors and trade debtors. Due to the nature of the financial instruments used by the Company, there is limited exposure to price risk arising from exchange variances with the activity being predominantly UK based. Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding and adherence to partnership contracts. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Post reporting date events

The global COVID-19 pandemic has continued to disrupt the Company's production schedule and, accordingly, management has acted to mitigate the adverse impact by reducing the cost base and leveraging all Government COVID mitigation initiatives.

Whilst shows in production have been postponed, the Company plans to run them as soon as practicable, when Government restrictions allow. It will also launch new shows, several of which are in production. The Directors meet on a regular basis to review updated cashflow projections, which have been prepared for a period of at least 12 months from the sign off date of these financial statements.

The Company secured further investment in 2021 via a £4m Future Fund convertible loan note ("CLN") and a £4.7m Crowd equity raise (which then triggered the conversion of the CLN) to enable the Company to continue to meet its financial obligations as they fall due for at least a period of 12 months from the signing of these financial statements. A grant of £1 million was also received from The Arts Council.

#### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Baldwins Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

## **SECRET GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

M Alexander-Wall

**Director**

24 September 2021

## **SECRET GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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). 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 and then apply them consistently;
- make judgements 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 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.

# SECRET GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SECRET GROUP LIMITED

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#### Opinion

We have audited the financial statements of Secret Group Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 December 2020 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

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.

#### 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 a 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.

## **SECRET GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF SECRET GROUP LIMITED**

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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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the directors' report.

We have nothing to report in respect of the following matters where 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# SECRET GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SECRET GROUP LIMITED

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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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's members, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Mr Stephen Anthony Harcourt FCCA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

24 September 2021

**Chartered Accountants**  
**Statutory Auditor**

2 Regan Way  
Chetwynd Business Park  
Chilwell  
Nottingham  
United Kingdom  
NG9 6RZ

## SECRET GROUP LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	6,184,199	15,768,942
Cost of sales		(5,979,812)	(15,678,870)
Gross profit		204,387	90,072
Administrative expenses		(3,845,567)	(4,348,944)
Other operating income		1,347,977	-
Operating loss	4	(2,293,203)	(4,258,872)
Interest receivable and similar income	7	1,603	16,724
Loss before taxation		(2,291,600)	(4,242,148)
Tax on loss	8	235,000	1,308,268
Loss for the financial year		(2,056,600)	(2,933,880)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## SECRET GROUP LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2020*

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	2020	2019
	£	£
Loss for the year	(2,056,600)	(2,933,880)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(2,056,600)</u>	<u>(2,933,880)</u>

# SECRET GROUP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9		19,754		844,560
Investments	10		2		2
			<u>19,756</u>		<u>844,562</u>
<b>Current assets</b>					
Stocks	12	-		64,271	
Debtors	13	1,636,978		3,686,846	
Cash at bank and in hand		1,307,761		3,667,371	
		<u>2,944,739</u>		<u>7,418,488</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,024,592)</u>		<u>(6,267,894)</u>	
<b>Net current (liabilities)/assets</b>			<u>(79,853)</u>		<u>1,150,594</u>
<b>Net (liabilities)/assets</b>			<u>(60,097)</u>		<u>1,995,156</u>
<b>Capital and reserves</b>					
Called up share capital	17		3,347		2,000
Share premium account	18		13,098,588		13,098,588
Capital redemption reserve	19		24		24
Profit and loss reserves	20		<u>(13,162,056)</u>		<u>(11,105,456)</u>
<b>Total equity</b>			<u>(60,097)</u>		<u>1,995,156</u>

The financial statements were approved by the board of directors and authorised for issue on 24 September 2021 and are signed on its behalf by:

M Alexander-Wall  
Director

Company Registration No. 05071764

# SECRET GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		1,823	13,098,588	24	(8,171,576)	4,928,859
<b>Period ended 31 December 2019:</b>						
Loss and total comprehensive income for the period		-	-	-	(2,933,880)	(2,933,880)
Issue of share capital	17	177	-	-	-	177
<b>Balance at 31 December 2019</b>		2,000	13,098,588	24	(11,105,456)	1,995,156
<b>Year ended 31 December 2020:</b>						
Loss and total comprehensive income for the year		-	-	-	(2,056,600)	(2,056,600)
Issue of share capital	17	1,347	-	-	-	1,347
<b>Balance at 31 December 2020</b>		3,347	13,098,588	24	(13,162,056)	(60,097)

# SECRET GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	26	(3,590,191)		(1,580,307)	
Income taxes refunded		1,308,268		429,449	
<b>Net cash outflow from operating activities</b>		(2,281,923)		(1,150,858)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(80,637)		(4,074,095)	
Interest received		1,603		16,724	
<b>Net cash used in investing activities</b>		(79,034)		(4,057,371)	
<b>Financing activities</b>					
Proceeds from issue of shares		1,347		177	
<b>Net cash generated from financing activities</b>		1,347		177	
<b>Net decrease in cash and cash equivalents</b>		(2,359,610)		(5,208,052)	
Cash and cash equivalents at beginning of year		3,667,371		8,875,423	
<b>Cash and cash equivalents at end of year</b>		1,307,761		3,667,371	

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Secret Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Savoy Court, London, United Kingdom, WC2R 0EX.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

The company's subsidiaries are neither, nor in total material to the group. Consequently consolidated financial statements have not been prepared. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to enable it to continue to meet its obligations as they fall due for at least the next 12 months. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have considered current bank reserves and have prepared detailed profit and cashflow forecasts for the next 12 months. These have been based on prudent estimates including the directors assessment of the impact of COVID-19.

In light of the directors' assessment of the liquidity of the business they do not consider there to be any material uncertainty relating to going concern and have continued to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Turnover comprises ticket sales, food, beverage and merchandise sales and income from partners associated with performances.

Revenue from the sale of tickets is recognised in the period in which the performance to which the tickets relate occurs. Revenue in relation to food, beverage and merchandise is recognised when sold.

Revenue from partners is recognised evenly across the duration of the show to which it relates.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Plant and machinery	33% Straight line
Set and scenery costs	Over the life of the rehearsals and performance
Computer equipment	33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

The company only has financial instruments that are classified as basic financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price and are subsequently carried at amortised cost less impairment.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

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

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants receivable under the Job Retention Scheme are recognised in the period in which the associated payroll costs are incurred.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Business Continuity

The directors have considered the ongoing impact of COVID-19 on the business. They believe that the Company will have sufficient cash and facilities available to it to trade during the period of restrictions imposed by the UK Government and until the industry returns to business as usual. The Directors will access government support as needed and believe that this government support as well as other commercial facilities will be readily available if and when required to enable the Company to continue to trade as a going concern for at least 12 months from signing these accounts.

## SECRET GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Production of immersive entertainment show	6,184,199	15,768,942

	2020 £	2019 £
<b>Other significant revenue</b>		
Interest income	1,603	16,724
Job Retention Scheme grants	418,551	-
Arts Council England Culture recovery grant	879,304	-

#### 4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	4,743	19,669
Research and development costs	107,942	231,674
Government grants	(418,551)	-
Fees payable to the company's auditor for the audit of the company's financial statements	22,625	15,000
Depreciation of owned tangible fixed assets	905,443	3,322,995
Operating lease charges	128,000	132,710

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Administration staff	45	40

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,356,115	2,397,164
Social security costs	245,132	259,822
Pension costs	61,400	53,766
	<u>2,662,647</u>	<u>2,710,752</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	397,256	436,091
Company pension contributions to defined contribution schemes	11,872	8,268
	<u>409,128</u>	<u>444,359</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	202,243	231,004
Company pension contributions to defined contribution schemes	6,065	4,512
	<u>208,308</u>	<u>235,516</u>

### 7 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	1,603	16,724
	<u>1,603</u>	<u>16,724</u>
<b>Investment income includes the following:</b>		
Interest on financial assets not measured at fair value through profit or loss	1,603	16,724
	<u>1,603</u>	<u>16,724</u>

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(235,000)	(1,308,268)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(2,291,600)	(4,242,148)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(435,404)	(806,008)
Tax effect of expenses that are not deductible in determining taxable profit	791	28,587
Unutilised tax losses carried forward	278,889	1,029,853
Effect of change in corporation tax rate	-	1,053
Other permanent differences	3,560	-
Deferred tax asset/(liability) not recognised	5,018	14,351
Theatre tax additional adjustment	(76,013)	(1,510,691)
Difference in theatre tax credit tax rate	(11,841)	(65,413)
Taxation credit for the year	(235,000)	(1,308,268)

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Set and scenery costs	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	21,587	89,026	1,514,762	56,512	1,681,887
Additions	-	-	75,301	5,336	80,637
Disposals	-	-	(1,590,063)	-	(1,590,063)
At 31 December 2020	21,587	89,026	-	61,848	172,461
<b>Depreciation and impairment</b>					
At 1 January 2020	13,942	63,631	731,707	28,047	837,327
Depreciation charged in the year	7,645	22,772	858,356	16,670	905,443
Eliminated in respect of disposals	-	-	(1,590,063)	-	(1,590,063)
At 31 December 2020	21,587	86,403	-	44,717	152,707
<b>Carrying amount</b>					
At 31 December 2020	-	2,623	-	17,131	19,754
At 31 December 2019	7,645	25,395	783,055	28,465	844,560

### 10 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	11	2	2

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Shares in group  
undertakings

£

#### Cost or valuation

At 1 January 2020 & 31 December 2020

2

#### Carrying amount

At 31 December 2020

2

At 31 December 2019

2

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Rebel X Limited	1	Ordinary shares	100.00
Future Cinema Limited	1	Ordinary shares	100.00

Registered office addresses (all UK unless otherwise indicated):

1 7 Savoy Court London WC2R 0EX.

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Rebel X Limited	10,456	(1,598)
Future Cinema Limited	1	

### 12 Stocks

	2020 £	2019 £
Finished goods and goods for resale	-	64,271

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	23,779	604,397
Corporation tax recoverable	235,000	1,308,268
Amounts owed by group undertakings	13,463	3,952
Other debtors	390,802	135,911
Prepayments and accrued income	973,934	1,634,318
	<u>1,636,978</u>	<u>3,686,846</u>

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

	Notes	2020	2019
		£	£
Trade creditors		101,269	1,048,478
Taxation and social security		135,996	291,868
Deferred income	15	2,167,716	4,073,918
Other creditors		-	14,069
Accruals and deferred income		619,611	839,561
		<u>3,024,592</u>	<u>6,267,894</u>

### 15 Deferred income

	2020	2019
	£	£
Other deferred income	<u>2,167,716</u>	<u>4,073,918</u>

### 16 Retirement benefit schemes

	2020	2019
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>61,400</u>	<u>53,766</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 0.1p each	100,000	100,000	100	100
A Ordinary shares of 0.1p each	48,484	48,484	48	48
C Ordinary shares of 0.1p each	183,491	183,491	183	183
E Ordinary shares of 0.1p each	1	1	-	-
D Ordinary shares of 0.1p each	615,764	615,764	616	616
Deferred Shares of 0.1p each	306,899	96,899	307	97
F Ordinary shares of 0.1p each	121,799	121,799	122	122
G Ordinary shares of 0.1p each	76,125	56,125	76	56
I1 Ordinary shares of 0.1p each	12,345	-	12	-
I2 Ordinary shares of 0.1p each	19,750	-	20	-
I3 Ordinary shares of 0.1p each	71,925	-	72	-
I4 Ordinary shares of 0.1p each	45,969	-	45	-
J Ordinary shares of 0.1p each	161,901	-	162	-
K1 Ordinary shares of 0.1p each	206,205	-	206	-
K2 Ordinary shares of 0.1p each	4,466	-	4	-
K3 Ordinary shares of 0.1p each	15,310	-	15	-
L1 Ordinary shares of 0.1p each	230,751	-	231	-
L2 Ordinary shares of 0.9p each	38,708	-	348	-
	<u>2,259,893</u>	<u>1,222,563</u>	<u>2,569</u>	<u>1,222</u>
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
A Preferred shares of 0.1p each	181,818	181,818	182	182
B Preferred shares of 0.1p each	595,930	595,930	596	596
	<u>777,748</u>	<u>777,748</u>	<u>778</u>	<u>778</u>
Preference shares classified as equity			<u>778</u>	<u>778</u>
<b>Total equity share capital</b>			<u>3,347</u>	<u>2,000</u>

The following shares are non voting shares: Deferred shares, E Ordinary shares, G Ordinary shares, J Ordinary shares, K1 Ordinary shares, K2 Ordinary shares, K3 Ordinary shares, L1 Ordinary shares and L2 Ordinary shares.

Rights to income and distribution on winding up are set out in the articles of the company.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Share capital

(Continued)

The company has allotted the following shares during the financial year:

210,000 0.1p Deferred shares at par (consideration £210)  
 20,000 0.1p G Ordinary shares at par (consideration £20)  
 12,345 0.1p I1 Ordinary shares at par (consideration £12)  
 19,750 0.1p I2 Ordinary shares at par (consideration £20)  
 71,925 0.1p I3 Ordinary shares at par (consideration £72)  
 45,969 0.1p I4 Ordinary shares at par (consideration £45)  
 161,901 0.1p J Ordinary shares at par (consideration £162)  
 206,205 0.1p K1 Ordinary shares at par (consideration £206)  
 4,466 0.1p K2 Ordinary shares at par (consideration £4)  
 15,310 0.1p K3 Ordinary shares at par (consideration £15)  
 230,751 0.1p L1 Ordinary shares at par (consideration £231)  
 38,708 0.9p L2 Ordinary shares at par (consideration £348)

### 18 Share premium account

	2020 £	2019 £
At the beginning and end of the year	13,098,588	13,098,588

### 19 Capital redemption reserve

	2020 £	2019 £
At the beginning and end of the year	24	24

### 20 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	(11,105,456)	(8,171,576)
Loss for the year	(2,056,600)	(2,933,880)
At the end of the year	(13,162,056)	(11,105,456)

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	30,000	93,862

## **SECRET GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **22 Events after the reporting date**

##### **COVID-19**

The spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The pandemic has disrupted the Company's production schedule in both the year and in 2021.

The directors have taken measures to limit any detrimental financial impact resulting from this disruption, and they continue to assess the effect on the company given the uncertainties surrounding the longevity of the pandemic.

##### **Funding**

Subsequent to the year end, the Company secured further investment via the issue of £4m Future Fund convertible loan notes ("CLN") and a £4.7m Crowd equity raise. As a result of the Crowd funding the loan notes were then converted into equity.

#### **23 Related party transactions**

The company has taken advantage of paragraph 33.1A of FRS 102 which states that disclosures need not be given of transactions that have taken place between two or more members of group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Monitoring fees and recharged costs totalling £97,864 (2019: £78,196) were paid to Active Private Equity Advisory LLP. Active Private Equity Advisory LLP is the ultimate beneficial owner of Secret Group Limited.

Included in trade debtors is an amount of £6,000 (2019: £nil) due from Aerodrome LTD, a shareholder of Aerodrome LTD is also a shareholder of Secret Group Limited. During the year Secret Group Limited made sales totalling £5,000 (2019: £nil) to Aerodrome LTD.

#### **24 Directors' transactions**

During the year, directors were paid £64,375 (2019: £51,345) through Socarrat Advisers Limited. A director of Socarrat Advisers Limited is also a director Secret Group Limited.

#### **25 Ultimate controlling party**

The ultimate controlling party is Active Private Equity Advisory LLP.

# SECRET GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 26 Cash absorbed by operations

	2020 £	2019 £
Loss for the year after tax	(2,056,600)	(2,933,880)
<b>Adjustments for:</b>		
Taxation credited	(235,000)	(1,308,268)
Investment income	(1,603)	(16,724)
Depreciation and impairment of tangible fixed assets	905,443	3,322,995
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	64,271	(48,604)
Decrease/(increase) in debtors	976,600	(1,901,079)
(Decrease)/increase in creditors	(1,337,100)	636,132
(Decrease)/increase in deferred income	(1,906,202)	669,121
<b>Cash absorbed by operations</b>	<b>(3,590,191)</b>	<b>(1,580,307)</b>

### 27 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	3,667,371	(2,359,610)	1,307,761

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.