

Company Registration No. 05996763 (England and Wales)

Secret Sales Limited
Annual Report and Financial Statements
For the period ended 30 June 2017

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Secret Sales Limited

Company information

Directors	Nishil Kukadia Sachin Kukadia	(Appointed 22 February 2017)
Company number	05996763	
Registered office	Flat 14 Downside 8 St. John's Avenue London SW15 2AE	
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH	

Secret Sales Limited

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Secret Sales Limited

Strategic report

For the period ended 30 June 2017

The directors present the strategic report for the period ended 30 June 2017 ("period").

Results and performance

During the period the business implemented a restructuring of its operations to reduce the overall cost base. This has positioned the business for future growth, the potential of which the Directors intend to realise following successful completion of a fundraising exercise by the Secret Bidco Group on 27 March 2018.

As shown in the Company's statement of comprehensive income, the Company's turnover for 18 month period was £38,082,000 (2015: £29,290,000 for a 12 month period), operating loss before exceptional items was £3,993,000 (2015: £3,601,000 for a 12 month period), and the loss before taxation for 18 month period was £4,525,000 (2015: £4,206,000 for a 12 month period).

The total Shareholders' deficit as at 30 June 2017 was £8,329,000 (2015: £5,376,000).

Principal risks

Demand risk

The principal risk to the Company is a downturn in demand in daily activity, caused by economic uncertainty and a change in consumer spending habits. In addition, the online flash sales market remains competitive. The internet provides both a threat to online flash sales and an opportunity for the Company to develop new areas. This necessitates investment in new technologies and the people required to develop the Company's business.

Cash flow risk

Management is responsible for managing the Company's liquidity and ensuring that the Company has sufficient available funds for operations as they arise.

Key performance indicators

The Company's key financial and other performance indicators during the period were as follows:

	Unit	2017 18 months	2015 12 months
Turnover	£000	38,082	29,290
Operating loss before restructuring costs	£000	3,993	3,601
Operating loss margin before restructuring costs	% of turnover	10	12
Employees (average number)	FTE	82	101
Turnover per employee	£000	464	290

Future developments

The objective of management is to retain and develop the Company's position as a leading online designer sales platform for fashion, accessories, footwear and lifestyle products. The directors expect to continue to invest on the website, customer acquisition as well supporting platform to improve the experience and service for customers.

Secret Sales Limited
Strategic report (continued)
For the period ended 30 June 2017

Corporate Responsibility Review
Employees

Details of the number of Company employees and related costs can be found in the notes to the financial statements.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that employees are aware of the performances of their business units and of the Company as a whole. Communication with employees continues through newsletters and briefing groups.

On behalf of the board



.....
Nishil Kukadia
Director
28 March 2018

Secret Sales Limited

Directors' report

For the period ended 30 June 2017

The directors present their annual report and financial statements for the period ended 30 June 2017.

Principal activities

The principal activity of the Company is retail flash sales for fashion, accessories, footwear and lifestyle products.

Directors

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

Craig Brian Anderson	(Resigned 8 February 2017)
Sergio Antonio Ferreira Dias	(Resigned 8 February 2017)
Nigel Peter Grierson	(Resigned 8 February 2017)
Frederic Halley	(Resigned 8 February 2017)
Nishil Kukadia	
Sachin Kukadia	(Appointed 22 February 2017)
Roland Patrick Bryan	(Appointed 8 February 2017 & resigned 26 March 2018)
Andrew Peter MacKinnon	(Appointed 8 February 2017 & resigned 26 March 2018)

Results and dividends

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

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- 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 auditors are unaware; and
- 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 auditors are aware of that information.

Secret Sales Limited

Directors' report (continued)

For the period ended 30 June 2017

Going Concern

The directors have considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The financial statements have been prepared on a going concern basis. Whilst the Company has net liabilities of £8,329,000 (2015: £5,376,000) at the statement on financial position date and the loss before taxation for the 18 month period was £4,525,000 (2015: £4,206,000), the directors continue to have full support from the Company's parent company.

After making enquiries, the directors therefore have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Events after the reporting date

On 27 March 2018, the entire issued share capital of the Company was acquired by Secret Bidco Limited. New funding for the Secret Bidco Group was put in place, provided by Kreos Capital IV, Kreos Capital V, Excalibur Silver Bidco Limited and Big Ideas Group Limited. Existing intra-group borrowing obligations totalling £6.8m were subject to waiver and amendment. Security over the Company's assets was granted to Kreos Capital IV, Kreos Capital V, Excalibur Silver Bidco Limited and Big Ideas Group Limited.

On behalf of the board



.....
Nishil Kukadia

Director

29 March 2018

Secret Sales Limited

Directors' responsibilities statement

For the period ended 30 June 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Secret Sales Limited

Independent auditors' report to the members of Secret Sales Limited

Report on the financial statements

Our opinion

In our opinion, Secret Sales Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss and cash flows for the 18 month period (the "period") 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 30 June 2017;
- the Statement of comprehensive income for the period then ended;
- the Statement of cash flows for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Secret Sales Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Adri Loubser (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2018

Secret Sales Limited
Statement of comprehensive income
For the period ended 30 June 2017

	Notes	Period ended 30 June 2017 £000	Period ended 31 December 2015 £000
Turnover	3	38,082	29,290
Cost of sales		(31,789)	(24,406)
Gross profit		6,293	4,884
Administrative expenses		(10,286)	(8,485)
Operating loss before exceptional income/(costs)		(3,993)	(3,601)
Exceptional income/(costs)	4	212	-
Operating loss	5	(3,781)	(3,601)
Interest receivable and similar income	8	5	6
Interest payable and similar expenses	9	(749)	(611)
Loss before taxation		(4,525)	(4,206)
Taxation	10	72	140
Loss and total comprehensive expense for the financial period		(4,453)	(4,066)

The income statement has been prepared on the basis that all operations are continuing operations.

Secret Sales Limited
Statement of financial position
As at 30 June 2017

	Notes	2017 £000	£000	2015 £000	£000
Fixed assets					
Intangible assets	11		142		2
Tangible assets	12		180		398
			322		400
Current assets					
Stocks	14	827		2,051	
Debtors	15	1,120		604	
Cash at bank and in hand		567		1,595	
		2,514		4,250	
Creditors: amounts falling due within one year	16	(11,165)		(7,646)	
Net current liabilities			(8,651)		(3,396)
Total assets less current liabilities			(8,329)		(2,996)
Creditors: amounts falling due after more than one year	17		-		(2,380)
Net liabilities			(8,329)		(5,376)
Capital and reserves					
Called up share capital	21		75		75
Share premium account			16,526		16,526
Other reserves			1,500		-
Equity reserve			-		200
Profit and loss account			(26,430)		(22,177)
Total equity			(8,329)		(5,376)

The financial statements were approved by the board of directors and authorised for issue on 29 March 2018 and are signed on its behalf by:



.....
Nishil Kukadia
Director

Company Registration No. 05996763

Secret Sales Limited

Statement of changes in equity

For the period ended 30 June 2017

	Share capital	Share premium account	Equity reserve	Other reserves	Profit and loss reserves	Total
Notes	£000	£000	£000	£000	£000	£000
Balance at 1 January 2015	75	16,526	-	-	(18,111)	(1,510)
Period ended 31 December 2015:						
Loss and total comprehensive income for the period	-	-	-	-	(4,066)	(4,066)
Issue of convertible loan	-	-	200	-	-	200
Balance at 31 December 2015	75	16,526	200	-	(22,177)	(5,376)
Period ended 30 June 2017:						
Loss and total comprehensive income for the period	-	-	-	-	(4,453)	(4,453)
Waiver of share warrants	-	-	(200)	-	200	-
Issue of loan notes classified as equity	21	-	-	1,500	-	1,500
Balance at 30 June 2017	75	16,526	-	1,500	(26,430)	(8,329)

Secret Sales Limited

Statement of cash flows

For the period ended 30 June 2017

	Notes	2017 £000	£000	2015 £000	£000
Cash flows from operating activities					
Cash absorbed by operations	25		(1,966)		(3,201)
Income taxes refunded			107		183
Net cash outflow from operating activities			(1,859)		(3,018)
Investing activities					
Purchase of intangible assets		(151)		-	
Purchase of tangible fixed assets		(16)		(123)	
Interest received		5		6	
Net cash used in investing activities			(162)		(117)
Financing activities					
Proceeds from borrowings		2,875		3,000	
Repayment of borrowings		(1,273)		(1,315)	
Interest paid		(609)		(464)	
Net cash generated from financing activities			993		1,221
Net decrease in cash and cash equivalents			(1,028)		(1,914)
Cash and cash equivalents at beginning of period			1,595		3,509
Cash and cash equivalents at end of period			567		1,595

Secret Sales Limited

Notes to the financial statements

For the period ended 30 June 2017

1 Accounting policies

Company information

Secret Sales Limited is a private company limited by shares incorporated in England and Wales. The registered office is Flat 14, Downside, 8 St. John's Avenue, London, SW15 2AE.

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 £000.

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

1.2 Going concern

The directors have considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The financial statements have been prepared on a going concern basis. Whilst the Company has net liabilities at the statement on financial position date and made a loss before taxation for the 18 month period, the directors continue to have full support from the Company's parent company.

After making enquiries, the directors therefore have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

1.3 Reporting period

The accounting policies below have been prepared on a consistent basis in both the current and prior periods, unless otherwise stated. The financial period ended 30 June 2017 consists of 18 months (2015: 12 months).

1.4 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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

1 Accounting policies

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Software	2-3 years
Development costs	2-3 years

1.7 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:

Fixtures and fittings	15% on reducing balance method
Computers	33% on reducing balance method

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.

1.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

1 Accounting policies

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost include those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

1 Accounting policies

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments 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. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

1 Accounting policies

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 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 income statement 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.

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 income statement, 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.

1.14 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.

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.

1.15 Retirement benefits

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

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

1 Accounting policies

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.18 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 are included in the income statement for the period.

1.19 Exceptional income/(costs)

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional income/(costs)'. These are disclosed separately to provide further understanding of the financial performance of the Company.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of share warrants

To calculate the fair value of share warrants outstanding at the period end, management have made judgements in respect of the value of the Company's shares and the value of the associated share warrants.

Secret Sales Limited
Notes to the financial statements (continued)
For the period ended 30 June 2017

3 Turnover

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

	2017	2015
	£000	£000
Turnover		
Sale of goods	38,082	29,290

Turnover analysed by geographical market

	2017	2015
	£000	£000
United Kingdom	37,157	28,681
Rest of European Union	925	609
	<u>38,082</u>	<u>29,290</u>

4 Exceptional income/(costs)

	2017	2015
	£000	£000
Exceptional income/(costs)	<u>212</u>	<u>-</u>

The 2017 exceptional income of £212,000 relates to the income and costs associated with the change in ownership of the business during the period. As part of this, previous borrowings were consolidated into a new loan notes resulting in exceptional income of £1,488,000. This exceptional income is offset by exceptional costs of £1,276,000 in relation to legal and payroll costs associated with the change in ownership, the business reorganisation and recognition of financial liabilities.

5 Operating loss

	2017	2015
	£000	£000
Operating loss for the period is stated after charging/(crediting):		
Exchange gains	(4)	(9)
Research and development costs	-	377
Fees payable to the Company's auditor for the audit of the Company's financial statements	35	20
Depreciation of owned tangible fixed assets	234	122
Amortisation of intangible assets	11	-
Cost of stocks recognised as an expense	26,661	20,790
Impairment of stocks recognised or reversed	18	138
Operating lease charges	<u>520</u>	<u>267</u>

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

6 Employees

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

	2017 Number	2015 Number
Sales and administration	82	101

Their aggregate remuneration comprised:

	2017 £000	2015 £000
Wages and salaries	4,753	3,558
Social security costs	521	421
Other pension costs	24	21
	<u>5,298</u>	<u>4,000</u>

7 Directors' remuneration

	2017 £000	2015 £000
Remuneration for qualifying services	408	237
Company pension contributions to defined contribution schemes	1	-
	<u>409</u>	<u>237</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

Included in director's remuneration is £49,000 (2015: nil) paid as compensation for loss of office.

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

	2017 £000	2015 £000
Remuneration for qualifying services	193	127

8 Interest receivable and similar income

	2017 £000	2015 £000
Interest on bank deposits	5	6

Secret Sales Limited
Notes to the financial statements (continued)
For the period ended 30 June 2017

9	Interest payable and similar expenses	2017	2015
		£000	£000
	Interest on loans	710	464
	Amortisation of finance costs	39	-
	Fair value movement of borrowings	-	147
		<u>749</u>	<u>611</u>

10	Taxation	2017	2015
		£000	£000
	Current tax		
	UK corporation tax on profits for the current period	(72)	(125)
	Adjustments in respect of prior periods	-	(15)
	Total current tax	<u>(72)</u>	<u>(140)</u>

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

	2017	2015
	£000	£000
Loss before taxation	<u>(4,525)</u>	<u>(4,206)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.83% (2015: 20.25%)	(897)	(852)
Tax effect of expenses that are not deductible in determining taxable profit	70	13
Unutilised tax losses carried forward	790	769
Adjustments in respect of prior years	-	(15)
Permanent capital allowances in excess of depreciation	37	(6)
Research and development tax credit	(72)	(49)
Taxation credit for the period	<u>(72)</u>	<u>(140)</u>

The Company has tax losses of £25,089,000 (2016: £20,966,000) which, subject to agreement of HM Revenue and Customs, are available to be carried forward and offset against future profits of the same trade. A potential deferred tax asset has not been recognised in the financial statement in respect of these losses due to uncertainty as to the timing of future recoverability.

Legislation was passed in November 2015 to reduce the UK corporation tax rate from 20.0% to 19.0% from 1 April 2017. A further 2.0% reduction was enacted in September 2016 to reduce the rate to 17% from 1 April 2020.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

11 Intangible assets

	Software £000	Development costs £000	Total £000
Cost			
At 1 January 2016	2	-	2
Additions - internally developed	-	151	151
At 30 June 2017	2	151	153
Amortisation and impairment			
At 1 January 2016	-	-	-
Amortisation charged for the period	-	11	11
At 30 June 2017	-	11	11
Carrying amount			
At 30 June 2017	2	140	142
At 31 December 2015	2	-	2

12 Tangible assets

	Fixtures and fittings £000	Computers £000	Total £000
Cost			
At 1 January 2016	167	664	831
Additions	-	16	16
At 30 June 2017	167	680	847
Depreciation and impairment			
At 1 January 2016	52	381	433
Depreciation charged in the period	115	119	234
At 30 June 2017	167	500	667
Carrying amount			
At 30 June 2017	-	180	180
At 31 December 2015	115	283	398

Secret Sales Limited
Notes to the financial statements (continued)
For the period ended 30 June 2017

13	Financial instruments		2017	2015
			£000	£000
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		847	29
			<u> </u>	<u> </u>
	Carrying amount of financial liabilities			
	Measured at fair value through profit or loss			
	- Other financial liabilities		-	4,188
	Measured at amortised cost		10,166	4,084
			<u> </u>	<u> </u>
14	Stocks		2017	2015
			£000	£000
	Finished goods and goods for resale		827	2,051
			<u> </u>	<u> </u>
15	Debtors		2017	2015
	Amounts falling due within one year:		£000	£000
	Corporation tax recoverable		90	125
	Other debtors		847	37
	Prepayments and accrued income		183	442
			<u> </u>	<u> </u>
			1,120	604
			<u> </u>	<u> </u>
16	Creditors: amounts falling due within one year		2017	2015
		Notes	£000	£000
	Other borrowings	18	2,750	1,808
	Unamortised loan issue costs		(55)	-
	Trade creditors		894	2,691
	Amounts due to group undertakings		5,448	-
	Other taxation and social security		944	979
	Other creditors		558	136
	Accruals and deferred income		626	2,032
			<u> </u>	<u> </u>
			11,165	7,646
			<u> </u>	<u> </u>
17	Creditors: amounts falling due after more than one year		2017	2015
		Notes	£000	£000
	Other borrowings	18	-	2,380
			<u> </u>	<u> </u>

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

18 Loans and overdrafts	2017 £000	2015 £000
Other loans	2,750	4,188
Payable within one year	2,750	1,808
Payable after one year	-	2,380

On 8 February 2017 at the time of the change in ownership of the business, the Company consolidated previous loans into £2,750,000 of loans which are secured by senior fixed and floating charge over the Company's assets and carry a fixed rate of interest £10,000 per month. These are repayable 12 months after the issue date.

19 Retirement benefit schemes	2017 £000	2015 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	24	21

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.

Contributions totalling £2,000 (2015: £3,000) were outstanding at the period end and are included in other creditors.

Secret Sales Limited
Notes to the financial statements (continued)
For the period ended 30 June 2017

20 Share-based payment transactions

Prior to the change of ownership of the business during the period, the Company operated an equity settled share option plan. The Company plan provided for a grant price per share of £0.01 with a vesting period of 4 years.

	Number of share options		Weighted average exercise price	
	2017 Number	2015 Number	2017 £	2015 £
Outstanding at 1 January 2016	731,838	604,944	0.01	0.01
Granted	-	134,009	0.01	0.01
Waived	(625,220)	-	-	-
Expired	(106,618)	(7,115)	0.01	0.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Outstanding at 30 June 2017	-	731,838	0.01	0.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Exercisable at 30 June 2017	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At the point of the change of ownership of the business during the period, all outstanding share options were forfeited. Therefore, at the period end there were no outstanding share options.

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

21 Share capital

	2017 £000	2015 £000
Ordinary share capital		
Issued and fully paid		
1,707,949 Series A Preferred shares of 1p each	-	17
411,369 Ordinary shares of 1p each	-	4
28,622 Series B Preferred shares of 1p each	-	1
3,647,944 Series C Preferred Ordinary shares of 1p each	-	36
1,705,477 Series D Preferred Ordinary shares of 1p each	-	17
750,194,700 Ordinary shares of 0.01p each	75	-
	75	-
	75	75

On the 22 June 2017, a special resolution was passed to consolidate the existing share capital classes into a new class of ordinary share of 0.01p each.

Reserves of the Company represent the following:

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs

Profit and loss account

Cumulative profit and loss net of distributions to the owners.

Equity reserve

This balance represents the equity component of the instrument, net of deferred tax provided in relation to the separation of the instrument between its debt and equity components.

Other reserves

This balance represents loans notes which will not be repayable until the Company's controlling shareholder exits its investment in the Group or the Company is sold as a stand-alone entity. In line with the requirements of Section 22 of FRS 102, the balance has been classified as equity. The balance is unsecured and carries no interest payable.

22 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:

	2017 £000	2015 £000
Within one year	329	200
Between two and five years	-	295
	329	495
	329	495

Secret Sales Limited
Notes to the financial statements (continued)
For the period ended 30 June 2017

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2015
	£000	£000
Aggregate compensation	<u>527</u>	<u>548</u>

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 not to disclose related party transactions with other Group companies.

24 Controlling party

During the period prior to 8 February 2017, the Company had no ultimate controlling party. Between 8 February 2017 and 26 March 2018, the Company was acquired by Excalibur Silver Bidco Limited and the ultimate parent undertaking changed to Excalibur Holdco Limited.

On 27 March 2018, the parent company became Secret Bidco Limited. There is no ultimate controlling party.

25 Cash generated from operations

	2017	2015
	£000	£000
Loss for the period	(4,453)	(4,066)
Adjustments for:		
Taxation credited	(72)	(140)
Interest payable	749	611
Interest receivable	(5)	(6)
Amortisation and impairment of intangible assets	11	-
Depreciation and impairment of tangible fixed assets	234	122
Loan write down on acquisition	(1,488)	-
Movements in working capital:		
Decrease/(increase) in stocks	1,224	(9)
(Increase) in debtors	(551)	(121)
Increase in creditors	<u>2,385</u>	<u>408</u>
Cash used in operations	<u>(1,966)</u>	<u>(3,201)</u>

Secret Sales Limited

Notes to the financial statements (continued)

For the period ended 30 June 2017

24 Events after the reporting date

On 27 March 2018, the entire issued share capital of the Company was acquired by Secret Bidco Limited. New funding for the Secret Bidco Group was put in place, provided by Kreos Capital IV, Kreos Capital V, Excalibur Silver Bidco Limited and Big Secret Investment Limited. Existing intra-group borrowing obligations totalling £6.8m were subject to waiver and amendment. Security over the Company's assets was granted to Kreos Capital IV, Kreos Capital V, Excalibur Silver Bidco Limited and Big Secret Investments Limited.