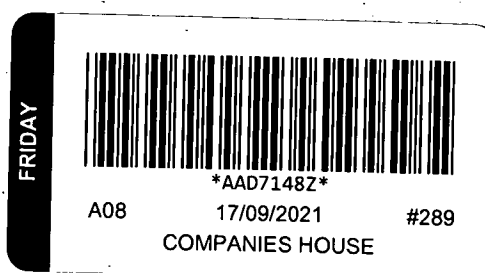


**Escape Hunt Group Limited**

**Financial Statements for the year ended 31 December 2020**

**Company Registration No: 10676408 (England and Wales)**



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## **COMPANY INFORMATION**

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| <b>Directors</b>         | Richard Harpham<br>Andrew Jacobs<br>Graham Bird         |
| <b>Company Secretary</b> | Graham Bird                                             |
| <b>Registered Office</b> | Belmont House<br>Station Way<br>Crawley<br>RH10 1JA     |
| <b>Auditors</b>          | Crowe U.K. LLP<br>55 Ludgate Hill<br>London<br>EC4M 7JW |

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report on the Company, together with the audited Financial Statements for the year ended 31 December 2020.

### **PRINCIPAL ACTIVITIES**

The Company's principal activity is that of an operator of escape rooms. The Company is a wholly owned subsidiary of Escape Hunt plc.

### **DIRECTORS**

The Directors of the Company who served during the year were:

Richard Harpham  
Andrew Jacobs  
Graham Bird (appointed 2 March 2020)

### **DIRECTORS' INDEMNITY INSURANCE**

The Company has maintained directors' and officers' liability insurance for the benefit of the Company, the Directors and its Officers throughout the year

### **EVENTS SINCE THE BALANCE SHEET DATE**

#### **COVID-19**

Since the year end, the extent of ongoing restrictions imposed on the Company's operations by the UK Government and by other governments around the world as a result of the COVID-19 coronavirus, notably as a result of the emergence of new variants, has become clearer. It is evident that the impact of the virus itself and the ongoing restrictions will continue to have a material impact on many economies globally in 2021 and potentially beyond. It has also become clear that the roll-out of vaccination programs internationally, and in the UK in particular, is progressing well and that the UK Government remains confident that restrictions will be able to be lifted during the course of 2021.

Given that the Company operated under significant restrictions during 2020 and the continuation of such restrictions into 2021 together with the subsequent lifting thereof was fully contemplated at the balance sheet date, neither the continuation of restrictions nor the progress on vaccinations is considered to provide more information about conditions that existed as at the balance sheet date. These are considered to be non-adjusting post balance sheet events and so the measurement of assets and liabilities in the accounts have not been adjusted for their potential impact. The directors have set out the post year end impact on going concern in the relevant section to the Directors Report.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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;
- state whether applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

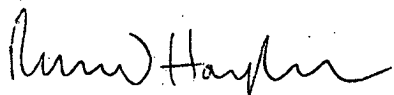
The directors of the company who held office at the date of approval of this directors' report confirm that:

- so far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

Crowe UK LLP were appointed as auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Signed by order of the board



.....  
**Richard Harpham**  
**Director**

10 September 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCAPE HUNT GROUP LIMITED**

### **Opinion**

We have audited the financial statements of Escape Hunt Group Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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;
- 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.

### **Material uncertainty related to going concern**

We draw attention to note 2.b in the financial statements, which indicates that the company had net current liabilities £11,477,164 at 31 December 2020 and is reliant on support from its parent undertaking to meet its financial obligations as and when they fall due including not recalling amounts owed within 12 months of the financial statements being signed. As stated in note 2.b, these events or conditions, along with the other matters as set forth in note 2.b, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

### **Opinion on other matter 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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 set out on page 3, 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.

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

We gained an understanding of the legal and regulatory framework applicable to the Company and Industry in which the company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and Taxation Legislation.

Our procedures involved enquiries with management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, revenue recognition and the judgement surrounding the recoverability of debtors.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tested included by were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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.

M Stallabrass

Matthew Stallabrass (Senior Statutory Auditor)

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

10 September 2021

**ESCAPE HUNT GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|                                              |    | Year<br>ended<br>31 December<br>2020<br>£ | Year<br>ended<br>31 December<br>2019<br>£ |
|----------------------------------------------|----|-------------------------------------------|-------------------------------------------|
| Continuing operations:                       |    |                                           |                                           |
| <b>Revenue</b>                               | 4  | 2,003,856                                 | 3,836,766                                 |
| Cost of sales                                |    | (1,339,117)                               | (2,906,729)                               |
| Gross profit                                 |    | 664,739                                   | 930,037                                   |
| Administrative expenses                      |    | (4,401,256)                               | (3,520,474)                               |
| Other income                                 | 15 | 1,019,996                                 | -                                         |
| Operating loss                               |    | (2,716,521)                               | (2,590,437)                               |
| Interest Income / (Expense)                  |    | -                                         | -                                         |
| <b>Loss before taxation</b>                  | 6  | (2,716,521)                               | (2,590,437)                               |
| Corporation tax                              | 7  | -                                         | -                                         |
| <b>Loss after taxation</b>                   |    | (2,716,521)                               | (2,590,437)                               |
| <b>Total comprehensive loss for the year</b> |    | (2,716,521)                               | (2,590,437)                               |

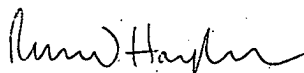
The notes on pages 11 to 22 form an integral part of these Financial Statements.

**ESCAPE HUNT GROUP LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

|                                                        |             | As at<br>31 December<br>2020<br>£ | As at<br>31 December<br>2019<br>£ |
|--------------------------------------------------------|-------------|-----------------------------------|-----------------------------------|
|                                                        | <b>Note</b> |                                   |                                   |
| <b>ASSETS</b>                                          |             |                                   |                                   |
| <b>Non-current assets</b>                              |             |                                   |                                   |
| Property, plant and equipment                          | 8           | 3,844,855                         | 3,846,490                         |
| Intangible assets                                      | 9           | 6,585                             | 53,347                            |
|                                                        |             | <u>3,851,440</u>                  | <u>3,899,837</u>                  |
| <b>Current assets</b>                                  |             |                                   |                                   |
| Receivables, deposits and prepayments                  | 10          | 12,684,980                        | 12,497,400                        |
| Inventory                                              |             | 14,614                            | 12,335                            |
| Cash and cash equivalents                              | 11          | 200,029                           | 260,000                           |
|                                                        |             | <u>12,899,623</u>                 | <u>12,769,735</u>                 |
| <b>TOTAL ASSETS</b>                                    |             | <u>16,751,063</u>                 | <u>16,669,572</u>                 |
| <b>LIABILITIES</b>                                     |             |                                   |                                   |
| <b>Creditors – amounts falling due within one year</b> |             |                                   |                                   |
| Trade creditors                                        |             | 726,108                           | 150,015                           |
| Amounts due to fellow subsidiaries                     | 13          | 717,188                           | 651,802                           |
| Amounts due to parent company                          | 12          | 21,577,212                        | 19,733,260                        |
| Accruals and deferred income                           |             | 1,265,678                         | 870,321                           |
| Taxes and social security                              |             | 26,405                            | 158,262                           |
| Other creditors                                        |             | 64,196                            | 15,115                            |
|                                                        |             | <u>24,376,787</u>                 | <u>21,578,775</u>                 |
| <b>NET LIABILITIES</b>                                 |             | <u>(7,625,724)</u>                | <u>(4,909,203)</u>                |
| <b>EQUITY</b>                                          |             |                                   |                                   |
| Share capital                                          | 16          | 1,001                             | 1,001                             |
| Accumulated losses                                     |             | (7,626,725)                       | (4,910,204)                       |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                       |             | <u>(7,625,724)</u>                | <u>(4,909,203)</u>                |

The notes on pages 11 to 22 form an integral part of these Financial Statements. The Financial Statements were approved by the Board of Directors on 10 September 2021 and signed on its behalf by:



Richard Harpham  
Director

Company Number: 10676408

**ESCAPE HUNT GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
PERIOD ENDED 31 DECEMBER 2020**

|                                       | Share<br>capital<br>£ | Accumulated<br>losses<br>£ | Total<br>£         |
|---------------------------------------|-----------------------|----------------------------|--------------------|
| At 1 January 2019                     | 1,001                 | (2,319,767)                | (2,318,766)        |
| Total comprehensive loss for the year | -                     | (2,590,437)                | (2,590,437)        |
| <b>Balance at 31 December 2019</b>    | <b>1,001</b>          | <b>(4,910,204)</b>         | <b>(4,909,203)</b> |
| Total comprehensive loss for the year | -                     | (2,716,521)                | (2,716,521)        |
| <b>Balance at 31 December 2020</b>    | <b>1,001</b>          | <b>(7,626,725)</b>         | <b>(7,625,724)</b> |

The notes on pages 11 to 22 form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

The Company was incorporated and registered in England and Wales on 17 March 2017 as a private limited company with registered number 10676408. The Company's registered office is Belmont House, Station Way, Crawley, RH10 1JA. Its principal activity is that of an operator of escape rooms. The Company is a wholly owned subsidiary of Escape Hunt plc.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied unless otherwise stated.

#### (a) Basis of preparation

These Financial Statements are prepared under the historical cost convention as explained in the accounting policies below, and in accordance with United Kingdom Accounting Standards Financial Reporting Standard 102. The company transitioned from Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as at 1 January 2019. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

The principal accounting policies are set out below.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Escape Hunt PLC as at 31 December 2020 and these financial statements may be obtained from Companies House.

#### (b) Going concern

Notwithstanding net current liabilities of £11,477,164 as at 31 December 2020 and a loss for the year ended 2020 of £2,716,521, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Escape Hunt plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Escape Hunt plc and other subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £21.6m, and providing additional financial support during that period. Escape Hunt plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group

entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **(c) Revenue recognition**

Revenue is recognised at the fair value of the consideration received or receivable taking into account discounts given.

The Company recognises licence fee revenues when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **(d) Foreign currencies**

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### **(e) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

- |                                       |       |
|---------------------------------------|-------|
| - Computer equipment:                 | - 33% |
| - Leasehold property and improvements | - 20% |
| - Escape Room games                   | - 50% |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods

of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

#### **(f) Intangible assets**

##### *Software development*

Software development costs are recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if the Company can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised software development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Capitalised software development expenditure is amortised on a straight-line method over a period of two years and begins when development is complete and the asset is available for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

#### **(g) Impairment**

##### *(i) Impairment of financial assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective

interest rate.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In the case of equity investments classified as available-for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of the asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

**(ii) Impairment of non-financial assets**

The carrying values of intangible assets are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**(h) Interest income**

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**(i) Income taxes**

Income tax for each reporting period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the

end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax relating to acquired intangible assets is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

**(j) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

**(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank balances.

**(l) Trade and other payables**

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(m) Leases**

The Company leases certain property and equipment under operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

There were no leases classified under the category of finance leases.

**(n) Government Grants**

Grants relating to revenue are recognised on the performance model through the consolidated statement of comprehensive income as 'other income'.

**3. Summary of critical accounting estimates and judgments**

In the application of the Company's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4. Revenue

|                            | Year<br>ended<br>31 Dec<br>2020<br>£ | Year<br>ended<br>31 Dec<br>2019<br>£ |
|----------------------------|--------------------------------------|--------------------------------------|
| Revenues from escape rooms | 2,003,856                            | 3,836,766                            |
|                            | <u>2,003,856</u>                     | <u>3,836,766</u>                     |

#### 5. Loss before taxation

Loss before taxation is arrived at after charging / (crediting): -

|                                                                  | Year<br>ended<br>31 Dec<br>2020<br>£ | Year<br>ended<br>31 Dec<br>2019<br>£ |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Fees payable for the audit of the Company's financial statements | 8,094                                | 8,025                                |
| Depreciation of plant and equipment                              | 1,770,719                            | 1,696,067                            |
| Amortisation of intangibles                                      | 46,762                               | 46,762                               |
| Net foreign exchange differences                                 | 234                                  | 2,451                                |
| Abnormal site closure costs                                      | 51,803                               | -                                    |
| Rental of offices                                                | 399,781                              | 369,787                              |

#### 6. Staff Costs

|                                                                  | Year<br>ended<br>31 Dec<br>2020<br>No. | Year<br>ended<br>31 Dec<br>2019<br>No. |
|------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| The average monthly number of employees including Directors was: | 125                                    | 113                                    |

Aggregate remuneration (including directors):

|                                        | Year ended<br>31 Dec 2020<br>£ | Year ended<br>31 Dec 2019<br>£ |
|----------------------------------------|--------------------------------|--------------------------------|
| Wages and salaries (including bonuses) | 1,549,479                      | 1,514,334                      |
| Social security costs                  | 78,486                         | 81,611                         |
| Pension costs                          | 44,257                         | 38,994                         |
|                                        | <u>1,672,222</u>               | <u>1,634,939</u>               |

No remuneration was paid to the Directors in the year ended 31 December 2020 (2019: £Nil).

## 7. Taxation

The Company has made no provision for taxation due to the availability of losses.

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Company is as follows:

|                                             | Year<br>Ended<br>31 Dec<br>2020<br>£ | Year<br>Ended<br>31 Dec<br>2019<br>£ |
|---------------------------------------------|--------------------------------------|--------------------------------------|
| Loss before taxation                        | (2,716,521)                          | (2,590,437)                          |
| Tax calculated at statutory tax rate of 19% | (516,139)                            | (492,183)                            |
| Tax effects of:                             |                                      |                                      |
| Non-deductible expenses                     | 18,955                               | 21,892                               |
| Depreciation less capital allowances        | (1,096)                              | 57,185                               |
| Surrender of group relief                   | -                                    | -                                    |
| Unrelieved tax losses                       | 526,603                              | 412,452                              |
| Others                                      | (28,323)                             | 654                                  |
| Tax expense                                 | -                                    | -                                    |

The Company has tax losses of approximately £7m which, subject to agreement with taxation authorities, are available to carry forward against future profits (2019: £4.7m)

## 8. Property, plant and equipment

|                                 | Leasehold<br>improvements<br>£ | Leasehold<br>property<br>£ | Fixtures,<br>fittings and<br>computers<br>£ | Escape<br>Room Games<br>£ | Total<br>£ |
|---------------------------------|--------------------------------|----------------------------|---------------------------------------------|---------------------------|------------|
| <b>Cost</b>                     |                                |                            |                                             |                           |            |
| At 1 January 2019               | 2,512,371                      | 245,695                    | 199,161                                     | 1,817,881                 | 4,775,108  |
| Additions                       | 108,882                        | 26,415                     | 66,384                                      | 1,196,051                 | 1,397,732  |
| Capital contributions           | (111,727)                      | -                          | -                                           | -                         | (111,727)  |
| At 31 December 2019             | 2,509,526                      | 272,110                    | 265,545                                     | 3,013,932                 | 6,061,113  |
| Additions                       | 969,966                        | 95,671                     | 41,661                                      | 1,001,633                 | 2,108,931  |
| Disposals                       | -                              | -                          | -                                           | (39,847)                  | (39,847)   |
| Capital contributions           | (278,179)                      | -                          | -                                           | (21,821)                  | (300,000)  |
| As at 31 December 2020          | 3,201,313                      | 367,781                    | 307,206                                     | 3,953,897                 | 7,830,197  |
| <b>Accumulated depreciation</b> |                                |                            |                                             |                           |            |
| At 1 January 2019               | 215,622                        | 22,590                     | 20,725                                      | 259,619                   | 518,556    |
| Charge for the year             | 487,338                        | 27,660                     | 56,466                                      | 1,124,603                 | 1,696,067  |
| At 31 December 2019             | 702,960                        | 50,250                     | 77,191                                      | 1,384,222                 | 2,214,623  |
| Charge for the year             | 540,486                        | 39,629                     | 62,051                                      | 1,128,553                 | 1,770,719  |
| As at 31 December 2020          | 1,243,446                      | 89,879                     | 139,242                                     | 2,512,775                 | 3,985,342  |
| <b>Carrying amounts</b>         |                                |                            |                                             |                           |            |
| At 31 December 2019             | 1,806,566                      | 221,860                    | 188,354                                     | 1,629,711                 | 3,846,490  |
| At 31 December 2020             | 1,957,867                      | 277,902                    | 167,964                                     | 1,441,122                 | 3,844,855  |

The amount of expenditure recognised in the carrying value of leasehold improvements in the course of construction at 31 December 2020 is £62,000 (2019: £nil).

## 9. Intangible assets

|                                 | Portal<br>£ | Total<br>£ |
|---------------------------------|-------------|------------|
| <b>Cost</b>                     |             |            |
| As at 1 January 2019            | 140,285     | 140,285    |
| Additions during the year       | -           | -          |
| At 31 December 2019             | 140,285     | 140,285    |
| Additions during the year       | -           | -          |
| As at 31 December 2020          | 140,285     | 140,825    |
| <b>Accumulated Amortisation</b> |             |            |
| As at 1 January 2019            | 40,176      | 40,176     |
| Charge for the year             | 46,762      | 46,762     |
| At 31 December 2019             | 86,938      | 86,938     |
| Charge for the year             | 46,762      | 46,762     |
| As at 31 December 2020          | 133,700     | 133,700    |
| <b>Net Book Value</b>           |             |            |
| At 31 December 2019             | 53,347      | 53,347     |
| At 31 December 2019             | 6,585       | 6,585      |

## 10. Receivables, deposits and prepayments

|                                    | As at<br>31 Dec<br>2020<br>£ | As at<br>31 Dec<br>2019<br>£ |
|------------------------------------|------------------------------|------------------------------|
| Trade receivables                  | 101,770                      | 196,710                      |
| Amounts due from fellow subsidiary | 12,002,305                   | 12,000,843                   |
| Recoverable VAT                    | 164,852                      | 14,342                       |
| Recoverable corporation tax        | 186,134                      | -                            |
| Prepayments and other receivables  | 229,919                      | 285,505                      |
|                                    | <u>12,684,980</u>            | <u>12,497,400</u>            |

The amounts due from Escape Hunt plc and a fellow subsidiary are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

#### 11. Cash and cash equivalents

Cash and cash equivalents comprise the following:-

|                           | As at<br>31 Dec<br>2020<br>£ | As at<br>31 Dec<br>2019<br>£ |
|---------------------------|------------------------------|------------------------------|
| Cash and cash equivalents | 200,029                      | 260,000                      |

#### 12. Amounts due to parent company

|                 | As at<br>31 Dec<br>2020<br>£ | As at<br>31 Dec<br>2019<br>£ |
|-----------------|------------------------------|------------------------------|
| Escape Hunt plc | 21,577,212                   | 19,733,260                   |

The amounts owing to the parent company are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash. The directors consider that the carrying amounts approximate to their fair values.

#### 13. Amounts due to fellow subsidiary

|  | As at<br>31 Dec<br>2020<br>£ | As at<br>31 Dec<br>2019<br>£ |
|--|------------------------------|------------------------------|
|  | 717,188                      | 651,802                      |

The amounts owing to the fellow subsidiary are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash. The directors consider that the carrying amounts approximate to their fair values.

#### 14. Share capital

The allotted, called-up and fully paid share capital of the Company is as follows: -

|                               | As at<br>31 Dec<br>2019 and<br>2020 |
|-------------------------------|-------------------------------------|
| <i>Issued and fully paid:</i> |                                     |
| 1 ordinary share of £1 each   | 1                                   |
| 1,000 G shares of £1 each     | 1,000                               |
|                               | <u>1,001</u>                        |

The Escape Hunt plc Executive Growth Share Plan ("EGSP") was established on 2nd May, 2017. Three directors and full-time employees of the Group were invited to participate under the EGSP.

Under the EGSP invitations were issued to three eligible employees inviting such employees to subscribe for a specified number of G Shares each at a specified price per G Share. In accordance with the Articles of Association, a Call Option Period commenced on 3 May 2020 which entitles a Designated Purchaser (being the Company or its Majority Shareholder) to issue a Call Option Notice to acquire all the outstanding G Shares at the 'G' Share Call Price.

During the year to 31 December 2019, 280 G shares were transferred to Escape Hunt plc following the resignation of a director. Subsequent to the year end, the Company's majority shareholder has issued a Call Option Notice to all other G Shareholders, with the relevant 'G' Share Call Price being zero pence per G Share. The G Shares are now all held by Escape Hunt plc.

#### 15. Government Grants and Government Assistance

The following Government grants have been recognised during the period:

|                                         | Year ended<br>31 Dec<br>2020<br>Unaudited<br>£'000 | Year ended<br>31 Dec<br>2019<br>Unaudited<br>£'000 |
|-----------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Coronavirus Job Retention Scheme grants | 699,194                                            | -                                                  |
| Local authority Small Business Grants   | 134,668                                            | -                                                  |
| R&D Claims made under the SME Scheme    | 186,134                                            | -                                                  |
| Total                                   | 1,019,996                                          | -                                                  |

In addition, the Company benefitted from Business Rates Relief introduced for the retail, hospitality and leisure industries. The benefit in the period was £188k (2019: £nil)

The claim made under the SME R&D Scheme related to 2018. As at the year end the cash was not received but it was subsequently received in August 2021.

#### 16. Dividends

The Directors do not propose a dividend for the year ended 31 December 2020 (2019: nil).

#### 17. Subsequent events

##### COVID-19

Since the year end, the extent of ongoing restrictions imposed on the Company's operations by the UK Government and by other governments around the world as a result of the COVID-19 coronavirus, notably as a result of the emergence of new variants, has become clearer. It is evident that the impact of the virus itself and the ongoing restrictions will continue to have a material impact on many economies globally in 2021 and potentially beyond. It has also become clear that the roll-out of vaccination programs internationally, and in the UK in particular, is progressing well and that the UK Government remains confident that restrictions will be able to be lifted during the course of 2021.

Given that the Company operated under significant restrictions during 2020 and the continuation of such restrictions into 2021 together with the subsequent lifting thereof was fully contemplated at the balance sheet date, neither the continuation of restrictions nor the progress on vaccinations is considered to provide more information about conditions that existed as at the balance sheet date. These are considered to be non-adjusting post balance sheet events and so the measurement of assets and liabilities in the accounts have not been adjusted for their potential impact. The directors have set out the post year end impact on going concern in the relevant section to the Directors' Report.

### *R&D Credits*

In 2019 and again in 2020, the company submitted claims for R&D tax credits under the SME Scheme relating to R&D expenditure incurred in 2017 and 2018. The total claims in respect of 2017 and 2018 amount to £231k. Since the year end, claims amounting to £186k have been received in cash. Since these payments relate to claims which were made prior to the year end, they are treated as events which give information about circumstances that existed at the balance sheet date and those elements of the claims have all been recognised accordingly. The remaining claim of £45k is still being reviewed by HMRC and is thus pending. Recognition of this claims involves a judgement by management. Given the ongoing review of the claims and length of time that has elapsed since the first claim was lodged in December 2019, Management does not yet consider it sufficiently probable that the remaining claim will be paid and, as such, this claim has not been recognised as an asset.

#### **18. Ultimate controlling party**

The Directors consider Escape Hunt plc, a company incorporated in England, to be the controlling party of the Company. The results of the Company are shown within the Consolidated Financial Statements of Escape Hunt plc. Copies of the Group accounts are available from the Company Secretary, Graham Bird, Belmont House, Station Way, Crawley, RH10 1JA.

#### **19. Transition to FRS 102**

As at 1 January 2019, the company transitioned to FRS 102. The reason for the transition was to align the accounting policies with the parent company Escape Hunt Plc.

The prior year accounts, prepared under FRS 101, should have included the impact of the transition to IFRS 16. This would have increased assets and liabilities by approximately £2.5m. The impact on net assets and reported profit would have been immaterial. Given the effect of the transition to FRS 102 the comparatives have not been restated for this error.