

Reports & Financial Statements

For the year ended 31 March 2005

Soho House Limited
(formerly Soho House Plc)

Company Number: 3288116



SOHO HOUSE LIMITED

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COMPANY INFORMATION

DIRECTORS:

R C Hutson (appointed Chairman January 2005)
N K A Jones (Managing Director)
S W Bond*
J G Brackenbury*
E N Fellner*
R H F Devereux*
H Farsi*
K H H Jones*
J K Ohlson*
C Sade
A Hill

*Non-executive directors

SECRETARY:

A Hill

COMPANY NUMBER:

3288116

REGISTERED OFFICE:

3-5 Bateman Street
LONDON W1D 4AG

AUDITORS:

Mazars LLP
24 Bevis Marks
LONDON EC3A 7NR

BANKERS:

Royal Bank of Scotland
280 Bishopsgate
LONDON EC2M 4RB

SOLICITORS:

Withers LLP
16 Old Bailey
LONDON EC4M 7EG

MANAGING DIRECTOR'S REPORT

Soho House Ltd has completed a very successful and busy year with the total group sales increasing by 18.5% to £32.5 million (£27.4 million in 2004). The locations which have been open for more than twenty four months increased sales by 5.1% to £21.3 million (previous year £20.3 million). Both Babington and Soho House New York had extremely good occupancy figures for the year of 93.8% and 89.2% respectively.

The table below summarises the sales from each of the locations:

	Sales		
	2005	2004	Growth
	£'000	£'000	%
Babington House	4,967	4,598	8.0%
Soho House	5,169	4,917	5.2%
Electric	6,199	6,046	2.5%
Soho House New York (11 months in 2004)	8,772	5,779	51.8%
Café Bohème	2,686	2,704	(0.7%)
BKB	1,853	1,672	10.9%
Balham Kitchen Bar (9 months in 2004)	1,764	1,412	24.9%
Cowshed	442	342	29.2%

The growth in sales has also been reflected in the increase in underlying EBITDA which has increased by 97% to £3.630 million and operating profits for the group which increased by 64% to £2.251 million in the year.

As reported in prior years, there are several material non-cash related items that also have to be charged against the final profit & loss, which arise from our compliance with required financial reporting standards. These relate to the amortisation of goodwill over 20 years following the group merger, depreciation of the property leases acquired with Soho House UK Ltd and finally the deferred tax provision.

Taking all these items into account, the consolidated profit and loss per the accounts is built up as follows:-

	2005	2004
Operating profit (excluding Minority Interest)	£2,251,984	£1,373,555
1 Goodwill amortisation	(£162,205)	(£162,206)
2 Depreciation of Property revaluation	(£256,091)	(£256,091)
Profit before interest and tax	£1,833,688	£955,258
3 Net interest payable (excluding Minority Interest)	(£516,140)	(£662,422)
Profit before tax	£1,317,548	£292,836
4 Tax provision	(233,507)	(461,679)
Consolidated profit/(loss) per the accounts	£1,084,041	(£168,843)
(Note items 1 and 2 above are non-cash items.)		

In order to maintain the growth that has been achieved over recent years, we have also invested a considerable amount of time into the future growth of the group through a number of potential new sites in both the UK and the US.

The first of these, Cecconi's was taken over in the last quarter before being closed for an extensive refit during the summer of 2005. This refurbishment has now been completed and the first weeks of trading are well ahead of last year.

Since the year end we have also acquired the freehold to a prominent building on Chiswick High Street for a new club, restaurant and hotel which will be re-developed ready to be open in the autumn of 2006. We will be opening in November 2005 our first stand alone retail and spa for the Cowshed in Notting Hill and we have two further sites in South London that we are also about to sign contracts on. The US is also moving forward and following the success of New York we have been able to secure a beach front site in Miami for the development of an 88 bedroom condo hotel and club.

Additional funding has been secured in support of all these exciting opportunities through a combination of a new long term banking facility and the attraction of new equity into the company which was completed over May and June 2005. This new equity has also enabled the company to increase its stake in the US to 98.5% by buying out most of the minority shareholders. The final part of this restructure was completed by the end of June 2005 with the company being re-registered as a private limited company.

In summary organic growth has been achieved across our existing sites into which we will continue to invest, the recently opened sites have made a positive contribution and we have laid the foundations for the next generation of new sites.

Nick Jones

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 March 2005.

REVIEW OF THE BUSINESS

The principal activities of the group are the operation of a country house hotel, cinema, private members' clubs and restaurants.

On 23 June 2005 Soho House Plc was re-registered as a private company and renamed Soho House Limited.

A review of future developments is provided in the Managing Director's report.

RESULTS AND DIVIDENDS

The group's results for the period are summarised on page 7. The directors do not recommend the payment of a dividend.

SUPPLIER PAYMENT POLICY

The group's policy in relation to the payment of suppliers is to pay them within the credit terms specified, provided that the supplier is also complying with all relevant terms and conditions.

The group's creditor days, as calculated by dividing the total amount of trade creditors by the total value of supplies and multiplying the sum by the number of days in the period, is 29 days (2004: 29 days).

DIRECTORS

The interests of the directors holding office on 31 March 2005 in the share capital of the company were as follows:

	Number of ordinary shares of 10p each	
	31 March 2005	31 March 2004
	Ordinary	Ordinary
R H F Devereux**	703,551	703,551
N K A Jones	2,651,288	2,651,288
J G Brackenbury**	50,000	50,000
H Farsi*	1,250,967	1,250,967
E N Fellner**	20,000	20,000
R C Hutson	6,000	6,000
S W Bond	2,068,654	2,068,654
K H H Jones	-	-
J K Ohlson	-	-
C Sade	2,500	2,500
A Hill	-	-

Except for H Farsi, all of the above interests of directors are beneficial.

* Shares are held in the name of Curzon Restaurant Holdings Limited, a company controlled by a trust of which H Farsi is a discretionary beneficiary.

** Messrs Devereux, Brackenbury and Fellner hold respectively \$324,116, \$500,000 and \$500,000 of 'A' shares in Soho House LLC.

DISABLED PERSONS

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

EMPLOYEE INVOLVEMENT

Employee involvement and consultation is accomplished in a number of ways, including regular briefing meetings and presentations on various aspects of the group's business. Employee bonus schemes are linked to departmental performances enabling a common awareness of the financial and economical factors affecting the group.

CHARITABLE DONATIONS

During the year donations totalling £5,200 (2004: £5,860) were made to charitable organisations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Mazars LLP have expressed their willingness to remain in office as auditors to the company. A resolution to reappoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board



A Hill
Director
23rd September 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SOHO HOUSE LIMITED

We have audited the financial statements for the year ended 31 March 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company's Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of Companies Act 1985. 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report and the Managing Directors' report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 March 2005 and of the group's result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP
 MAZARS LLP
 CHARTERED ACCOUNTANTS
 and Registered Auditors
 24 Bevis Marks
 LONDON EC3A 7NR

23 September 2005

SOHO HOUSE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

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	Note	2005 £	2004 £
TURNOVER	2	32,525,585	27,441,546
Cost of sales		<u>(7,383,345)</u>	<u>(6,512,756)</u>
GROSS PROFIT		25,142,240	20,928,790
Administrative expenses		<u>(23,307,428)</u>	<u>(20,769,609)</u>
OPERATING PROFIT		1,834,812	159,181
Profit on disposal of fixed assets		-	183,107
Interest payable and similar charges	4	<u>(595,023)</u>	<u>(833,124)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,239,789	(490,836)
Tax on profit/(loss) on ordinary activities	5	<u>(233,507)</u>	<u>(461,679)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1,006,282	(952,515)
MINORITY INTEREST		<u>77,759</u>	<u>783,672</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES ATTRIBUTABLE TO THE MEMBERS OF SOHO HOUSE LIMITED	18	<u>£1,084,041</u>	<u>£(168,843)</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2005

	2005 £	2004 £
Profit/(loss) for the financial year	1,084,041	(168,843)
Transfer to minority interest	-	13,583
Transfer to capital reserve	-	(119,896)
Loss on foreign exchange translations	<u>(10,774)</u>	<u>(147,635)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE THE LAST ANNUAL REPORT	<u>£1,073,267</u>	<u>£(422,791)</u>

The company's turnover and expenses all relate to continuing operations.

The notes on pages 11 to 24 form an integral part of these accounts.

SOHO HOUSE LIMITED
CONSOLIDATED BALANCE SHEET as at 31 March 2005

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	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	6	-	-
Goodwill	7	2,635,839	2,798,044
Tangible assets	8	25,648,633	26,584,345
		<u>28,284,472</u>	<u>29,382,389</u>
CURRENT ASSETS			
Stock	10	914,521	822,611
Debtors	11	2,068,764	1,939,348
Cash at bank and in hand		149,031	62,088
		<u>3,132,316</u>	<u>2,824,047</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(8,833,202)</u>	<u>(10,222,496)</u>
NET CURRENT LIABILITIES		<u>(5,700,886)</u>	<u>(7,398,449)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,583,587	21,983,940
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(6,684,172)	(7,250,036)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(840,643)</u>	<u>(771,204)</u>
		14,710,643	13,962,700
MINORITY INTEREST		<u>(1,986,345)</u>	<u>(1,963,541)</u>
		<u><u>£13,072,426</u></u>	<u><u>£11,999,159</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	783,213	783,213
Share premium account	18	12,600,144	12,600,144
Profit and loss account	18	(1,964,535)	(3,037,802)
Capital reserve		1,653,604	1,653,604
EQUITY SHAREHOLDERS' FUNDS	19	<u><u>£13,072,426</u></u>	<u><u>£11,999,159</u></u>

Approved by the board on 23rd September 2005
and signed on its behalf by:



A Hill
Director

The notes on pages 11 to 24 form an integral part of these accounts.

COMPANY BALANCE SHEET as at 31 March 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	6	-	-
Tangible assets	8	8,276,038	7,972,235
Investment in group undertakings	9	12,484,404	12,484,404
		<u>20,760,442</u>	<u>20,456,639</u>
CURRENT ASSETS			
Stock	10	167,490	161,219
Debtors	11	1,313,634	1,037,709
Cash at bank and in hand		2,353	2,350
		<u>1,483,477</u>	<u>1,201,278</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(1,758,847)</u>	<u>(3,049,306)</u>
NET CURRENT LIABILITIES		(275,370)	(1,848,028)
TOTAL ASSETS LESS CURRENT LIABILITIES		20,485,072	18,608,611
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(4,825,804)	(3,716,211)
PROVISION FOR LIABILITIES AND CHARGES	16	<u>(641,720)</u>	<u>(493,395)</u>
		<u>£15,017,548</u>	<u>£14,399,005</u>
CAPITAL AND RESERVES			
Called up share capital	17	783,213	783,213
Share premium account	18	12,600,144	12,600,144
Profit and loss account	18	1,634,191	1,015,648
SHAREHOLDERS' FUNDS	19	<u>£15,017,548</u>	<u>£14,399,005</u>

Approved by the board on *23rd September* 2005
and signed on its behalf by:



A Hill
Director

The notes on pages 11 to 24 form an integral part of these accounts.

SOHO HOUSE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2005

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	Note	2005 £	2004 £
Cash inflow from operating activities	20(a)	1,266,975	1,750,121
Returns on investments and servicing of finance			
Interest paid		(595,023)	(833,124)
Interest received		-	-
Net cash inflow from returns on investments and servicing of finance		<u>671,952</u>	<u>916,997</u>
Taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,008,855)	(7,603,208)
Proceeds from disposal of tangible fixed assets		-	511,158
Net cash outflow from capital expenditure and financial investment		<u>(336,903)</u>	<u>(7,092,050)</u>
Acquisitions			
Proceeds of deemed disposal		-	305,556
Net cash inflow for acquisitions		<u>-</u>	<u>305,556</u>
Cash outflow before financing		<u>(336,903)</u>	<u>(5,869,497)</u>
Financing			
Repayment of secured loan		(579,364)	(1,212,715)
New borrowings		1,020,000	6,473,980
Finance lease rental payments		(16,790)	(33,822)
Net cash inflow from financing		<u>423,846</u>	<u>5,227,443</u>
Increase/(decrease) in cash in the year	20(b)	<u><u>£86,943</u></u>	<u><u>£(642,054)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Going concern

The financial statements have been prepared on a going concern basis.

(c) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

(d) Basis of preparation of group financial statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 March 2005.

The profits and losses of subsidiary undertakings are consolidated from the date of acquisition. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

(e) Intangible fixed assets

Intangible fixed assets comprise development costs for the Cowshed products.

Intangible assets are amortised through the profit and loss account on a straight line basis over three years.

(f) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets acquired with Soho House UK Limited. Goodwill is amortised through the profit and loss account in equal instalments over its useful economic life of 20 years.

(g) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

(h) Foreign currencies

Financial statements of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

1 ACCOUNTING POLICIES (continued)

(i) Tangible fixed assets

Depreciation is charged on tangible fixed assets at rates calculated to write off their costs, less estimated residual values, over their estimated useful lives. The rates are not harmonised for all group companies.

Soho House Ltd uses the following rates:

Leasehold improvements	-	over period of lease on straight line basis
Furniture and equipment	-	10% reducing balance
Office equipment	-	33% reducing balance
Motor vehicles	-	33% reducing balance
Freehold land and buildings	-	Nil

Soho House UK Ltd, Cowshed Products Ltd and Soho New York LLC use the following rates:

Leasehold property	-	Over period of lease
Leasehold improvements	-	10 years
Office equipment	-	4 years
Motor vehicles	-	4 years
Furniture and equipment	-	3 years

No other group companies held tangible fixed assets.

As is common practice in the hotel industry, depreciation has not been provided on freehold buildings and most surrounding improvements. It is the company's policy to maintain these assets in good condition through regular repair and maintenance. Accordingly, the directors consider that the residual value of the freehold buildings will be maintained and any depreciation would not be material. Impairment reviews are performed annually and any impairment loss provided, where applicable.

(j) Stock

Stock is valued at the lower of cost and estimated net realisable value. Cost is calculated on a first in, first out basis. Net realisable value is based on estimated sales proceeds, after allowing for all further costs of disposal.

(k) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse.

(l) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

1 ACCOUNTING POLICIES (continued)

(m) Pension costs

Contributions payable to the Group's pension scheme are charged to the profit and loss account in the period to which they relate.

(n) Parent company's profit and loss account

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of the financial statements.

2 TURNOVER AND OPERATING PROFIT

- (a) The amounts shown for both turnover and profit/(loss) before tax, minority interest and net assets are wholly attributable to the operation of private members' clubs, restaurants, cinema and hotel, which are the group's principal activities. The split by geographical segment is:

	UK £	US £	Total £
Turnover	23,770,982	8,754,603	32,525,585
Profit before tax	1,053,869	185,920	1,239,789
Minority interest	-	77,759	77,759
	<u> </u>	<u> </u>	<u> </u>
Net Assets	14,234,051	824,720	15,058,771
Minority interest	-	(1,986,345)	(1,986,345)
	<u> </u>	<u> </u>	<u> </u>
	14,234,051	(1,161,625)	13,072,426
	<u> </u>	<u> </u>	<u> </u>

- (b) Operating profit is arrived at after charging:

	2005 £	2004 £
Auditors' remuneration – audit fee	50,000	54,646
Auditors' remuneration – fees for non-audit services	3,500	34,150
Directors' remuneration – emoluments	521,875	458,260
Directors' remuneration – contributions to defined benefit pension schemes	33,373	54,516
Amortisation charge	162,205	162,205
Depreciation of tangible assets	1,589,888	1,517,603
Depreciation of tangible assets held under finance leases	43,477	43,328
Amount paid under operating leases	2,575,671	2,379,128
Profit on sale of fixed assets	-	183,107
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

3 STAFF COSTS

	2005 £	2004 £
Wages and salaries	10,238,729	9,259,565
Social security costs	978,009	893,905
Other pension costs	34,613	54,516
	<u>£11,251,351</u>	<u>£10,207,986</u>

Number of people employed by the company during the period, including directors:

	2005 Number	2004 Number
Operational	625	529
Management and administration	30	30
	<u>655</u>	<u>559</u>

Soho House Limited has an agreement with Roundhurst Consulting Limited with regard to the provision of consultancy services to the company. R H F Devereux, a director of Soho House Limited, is also a director of Roundhurst Consulting Limited. A sum of £18,000 (2004: £18,000) is included in the accounts for these services as a part of normal operating costs.

Directors' remuneration in note 2 includes emoluments of £270,625 (2004: £228,260) and pension contributions of £9,873 (2004: £33,016) in respect of the highest paid director.

4 INTEREST PAYABLE

	2005 £	2004 £
Bank overdrafts and loan	593,988	831,743
Finance leases	1,035	1,381
	<u>£595,023</u>	<u>£833,124</u>

5 TAXATION

	2005 £	2004 £
(a) Analysis of charge in period:		
Current tax:		
UK corporation tax on profits of the period	164,068	-
Deferred tax:		
Origination and reversal of timing differences	69,439	461,679
	<u>£233,507</u>	<u>£461,679</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

5 TAXATION (continued)

(b) Factors affecting tax charge for period

The tax assessed for the period is lower (2004: higher) than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2005 £	2004 £
Profit/(loss) on ordinary activities	1,239,789	(490,836)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	371,937	(147,251)
Effects of:		
Expenses not deductible for tax purposes	171,560	625,690
Capital allowances for period in excess of depreciation	(101,619)	(187,856)
Rate differences	(14,698)	-
Lower tax rates in overseas companies	(34,441)	-
Utilisation of tax losses	(228,671)	(290,583)
Current tax charge for period (see (a) above)	<u>164,068</u>	<u>-</u>

(c) Factors that may affect future tax charges

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years but at a slightly lower level than in the current year.

The Company has no tax losses at 31 March 2005 to offset against future profits.

6 INTANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Development Costs £
COST	
At 1 April 2004 and 31 March 2005	<u>25,000</u>
DEPRECIATION	
At 1 April 2004 and 31 March 2005	<u>25,000</u>
NET BOOK VALUE	
At 1 April 2004 and 31 March 2005	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

7 GOODWILL

GROUP	£
COST	
At 1 April 2004 and 31 March 2005	3,244,109
DEPRECIATION	
At 1 April 2004	446,065
Charge for the year	162,205
At 31 March 2005	608,270
NET BOOK VALUE	
At 31 March 2005	2,635,839
At 1 April 2004	2,798,044

8 TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Leasehold properties £	Leasehold improvements £	Office equipment £	Furniture and equipment £	Motor vehicles £	Total £
COST							
At 1 April 2004	6,704,231	4,737,670	10,506,463	336,548	7,545,405	82,068	29,912,384
Additions	65,288	-	36,926	74,714	831,927	-	1,008,855
Exchange	-	-	(207,099)	(5,830)	(160,436)	-	(373,364)
At 31 March 2005	6,769,519	4,737,670	10,336,290	405,432	8,216,896	82,068	30,547,875
DEPRECIATION							
At 1 April 2004	83,291	704,250	753,831	206,774	1,524,647	55,248	3,328,041
Charge for the year	95,230	256,091	285,410	79,276	860,061	13,820	1,589,888
Exchange	-	-	(5,519)	(1,924)	(11,244)	-	(18,687)
At 31 March 2005	178,521	960,341	1,033,722	284,126	2,373,464	69,068	4,899,242
NET BOOK VALUE							
At 31 March 2005	6,590,998*	3,777,329	9,302,568	121,306	5,843,432	13,000	25,648,633
At 1 April 2004	6,620,940	4,033,420	9,752,632	129,774	6,020,758	26,820	26,584,343

* Included within freehold land and buildings is a property held as an investment by the group of £224,000 (2004: £224,000). Under SSAP 19, investment properties are not required to be depreciated. In the opinion of directors, the open market value of the property is not materially different from cost.

Of the net book value £25,648,633 (2004: £26,584,343), an amount of £290,747 (2004: £334,224) relates to leased assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

8 TANGIBLE FIXED ASSETS (continued)

The freehold and leasehold properties owned by the group are used as security for the bank loan.

COMPANY	Freehold land and buildings £	Office equipment £	Furniture and equipment £	Motor vehicles £	Total £
COST					
At 1 April 2004	6,480,230	86,303	2,242,192	32,028	8,840,753
Additions	65,288	9,663	513,726	-	588,677
At 31 March 2005	6,545,518	95,966	2,755,918	32,028	9,429,430
DEPRECIATION					
At 1 April 2004	83,291	67,557	690,285	27,385	868,518
Charge for the year	95,230	8,583	179,513	1,548	284,874
At 31 March 2005	178,521	76,140	869,798	28,933	1,153,392
NET BOOK VALUE					
At 31 March 2005	3,366,997	19,826	1,886,120	3,095	8,276,038
At 1 April 2004	6,396,939	18,746	1,551,907	4,643	7,972,235

Of the net book value £8,276,038 (2004: £7,972,235), an amount of £280,842 (2004: £312,047) relates to leased assets.

9 INVESTMENT IN GROUP UNDERTAKINGS

COMPANY	£
COST	
At 1 April 2004 and 31 March 2005	£12,484,404

Additional information on principal subsidiary undertakings:

Name	Country of incorporation /registration	Class of shares held	Percentage of shares held		Nature of business
			Group	Parent	
Soho House UK Limited	England	Ordinary	100%	100%	Leisure
*Cowshed Products Limited	England	Ordinary	100%	100%	Cosmetics
*NBJ Leisure Limited	England	Ordinary	100%	-	Non Trading
Soho House US Corp	USA	Ordinary	100%	100%	Holding
*Soho House LLC	USA	Ordinary	50%	50%**	Holding
*Soho House New York LLC	USA	Ordinary	50%	100%	Leisure
*Soho House New York Inc	USA	Ordinary	50%	100%	Non Trading
Soho House (N J Pension) Limited	England	Ordinary	100%	100%	Dormant

* Shares held by subsidiary company

** On 23 May 2005, the shareholding in Soho House LLC increased to 98.5% following a major restructure of the group. The minority interest was hence reduced to 1.5%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

10 STOCK

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Raw materials and consumables held for resale	<u>£914,521</u>	<u>£822,611</u>	<u>£167,490</u>	<u>£161,219</u>

11 DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts due within one year:				
Trade debtors	1,232,789	957,406	138,548	149,773
Amounts due from group undertakings	-	-	1,120,186	608,346
Other debtors	15,910	186,529	5,595	177,723
Prepayments and accrued income	<u>820,065</u>	<u>795,413</u>	<u>49,305</u>	<u>101,867</u>
	<u>£2,068,764</u>	<u>£1,939,348</u>	<u>£1,313,634</u>	<u>£1,037,709</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	3,141,954	4,526,601	704,386	1,972,083
Obligations under finance leases and hire purchase contracts	2,743	16,838	-	-
Trade creditors	1,814,915	2,099,752	199,238	294,899
Amounts owed to group undertakings	-	-	41,319	-
Other taxation and social security	1,642,020	900,495	249,694	133,716
Other creditors	-	2,969	-	936
Accruals and deferred income	<u>2,231,570</u>	<u>2,675,841</u>	<u>564,210</u>	<u>647,672</u>
	<u>£8,833,202</u>	<u>£10,222,496</u>	<u>£1,758,847</u>	<u>£3,049,306</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans	6,267,461	6,916,669	4,825,804	3,716,211
Obligations under finance leases and hire purchase contracts	-	2,695	-	-
Other creditors	416,711	330,672	-	-
	<u>6,684,172</u>	<u>7,250,036</u>	<u>4,825,804</u>	<u>3,716,211</u>

14 OBLIGATIONS UNDER FINANCE LEASE AND HP CONTRACTS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts payable:				
Within one year	2,743	16,838	-	-
Between two and five years	-	2,695	-	-
	<u>£2,743</u>	<u>£19,533</u>	<u>-</u>	<u>-</u>

15 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts payable:				
Within one year	3,141,954	4,526,601	704,386	1,972,083
Between two and five years	4,677,750	6,545,796	2,717,460	3,345,338
In five years or more	1,589,711	370,873	2,108,343	370,873
	<u>£9,409,415</u>	<u>£11,443,270</u>	<u>£5,530,189</u>	<u>£5,688,294</u>

The bank loans bear an interest rate which fluctuates in line with the inter bank rate. At the year end the rate was 6%. The bank loans and overdrafts are secured by a fixed and floating charge over the properties and the assets of the Group.

The bank finance was renegotiated on 23 May 2005, as part of the reorganisation of the group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

16 PROVISION FOR DEFERRED TAX

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Accelerated capital allowances	840,643	1,043,794	641,720	685,085
Tax losses carried forward	-	(272,590)	-	(191,690)
Other timing differences	-	-	-	-
	<u>£840,643</u>	<u>£771,204</u>	<u>£641,720</u>	<u>£493,395</u>
Deferred tax provision				
Asset at the start of the period	771,204	309,525	493,395	155,444
Deferred tax charge in the profit and loss account for period	69,439	461,679	148,325	337,951
Provision at end of period	<u>£840,643</u>	<u>£771,204</u>	<u>£641,720</u>	<u>£493,395</u>

17 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2005	2004	2005	2004
	£	£	£	£
Ordinary shares of 10p each	<u>£2,000,000</u>	<u>£2,000,000</u>	<u>£783,213</u>	<u>£783,213</u>

18 RESERVES

Group	Share premium account	Profit and loss account	Capital reserve	Total
	£	£	£	£
At 1 April 2004	12,600,144	(3,037,802)	1,653,604	11,215,946
Retained profit for the year	-	1,084,041	-	1,084,041
Exchange loss	-	(10,774)	-	(10,774)
	<u>12,600,144</u>	<u>(1,964,535)</u>	<u>1,653,604</u>	<u>12,289,213</u>
At 31 March 2005				

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

18 RESERVES (continued)

Company	Share premium £	Profit and loss account £	Total £
At 1 April 2004	12,600,144	1,015,648	13,615,792
Retained profit for the year	-	618,543	618,543
	<hr/>	<hr/>	<hr/>
At 31 March 2005	<u>£12,600,144</u>	<u>£1,634,191</u>	<u>£14,234,335</u>

Of the Company reserve, £1,634,191 is available for distribution.

19 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2005 £	Company 2005 £
Profit for the year	1,084,041	618,543
Other recognised net gains and losses	(10,774)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	1,073,267	618,543
Opening shareholders' funds	11,999,159	14,399,005
	<hr/>	<hr/>
Closing shareholders' funds	<u>£13,072,426</u>	<u>£15,017,548</u>

20 CASH FLOW STATEMENT

(a) Reconciliation of operating profit to operating cash flows

	2005 £	2004 £
Operating profit	1,834,812	159,181
Depreciation charges	1,589,888	1,517,603
Amortisation charges	162,205	162,205
Increase in stocks	(91,910)	(279,378)
Increase in debtors	(129,417)	(928,418)
(Decrease)/ increase in creditors	<u>(2,098,603)</u>	<u>1,118,928</u>
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>£1,266,975</u>	<u>£1,750,121</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

20 CASH FLOW STATEMENT (continued)

(b) Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Increase/(decrease) in cash in the period	86,943	(642,054)
Cash inflow from increase in debt and lease financing	1,937,799	(4,732,113)
	<u>2,024,742</u>	<u>(5,374,167)</u>
Movement in net debt in the period	2,024,742	(5,374,167)
Net debt at 1 April	(11,400,715)	(6,026,548)
Net debt at 31 March	<u>£(9,375,973)</u>	<u>£(11,400,715)</u>

(c) Analysis of net debt

	At 1 April 2004 £	Cash Flow £	At 31 March 2005 £
Cash in hand and at bank	62,088	86,943	149,031
Bank borrowings	(4,526,601)	1,357,840	(3,168,761)
Debt due after 1 year	(6,916,669)	563,169	(6,353,500)
Finance leases	(19,533)	16,790	(2,743)
	<u>(11,400,715)</u>	<u>2,024,742</u>	<u>(9,375,973)</u>
Total	<u>(11,400,715)</u>	<u>2,024,742</u>	<u>(9,375,973)</u>

21 CAPITAL COMMITMENTS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Capital expenditure contracted for but not provided for in the financial statements	-	£100,000	-	£100,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

22 OTHER FINANCIAL COMMITMENTS

At 31 March 2005 the Group was committed to making the following payments under non-cancellable operating leases:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire within 1 year:	3,882	44,917	-	-
In two to five years	159,449	75,466	31,373	32,133
In over five years	2,725,413	2,455,288	854,923	835,000
	<u>£2,888,744</u>	<u>£2,575,671</u>	<u>£886,296</u>	<u>£867,133</u>

23 PENSION COMMITMENTS

The Group set up a defined contribution pension scheme during the year which is open to all employees. At 31 March 2005 no employees had opted to join the scheme.

The Group also operates a defined contribution personal pension plan for senior management. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £34,613 (2004: £43,989). At 31 March 2005 there were no contributions outstanding.

24 RELATED PARTY TRANSACTIONS

On 31 May 2002 Mr S W Bond, a director of the company, made an interest receiving loan of US\$500,000 to Soho House New York LLC. This remained outstanding at the year end.

In June 2003 Mr G Bond, brother of Mr S W Bond, made an interest receiving loan of US\$750,000 to Soho House New York LLC. This remained outstanding at the year end.

In July 2003 Mr R H F Devereux, a director of the company, made an interest receiving loan of US\$813,500 to Soho House New York LLC. This remained outstanding at the year end.

In July 2003 Mrs P Brackenbury, wife of Mr J G Brackenbury, a director of the company, made an interest receiving loan of US\$165,110 to Soho House New York LLC. This remained outstanding at the year end.

At the year end, the group had a £224,000 investment (2004: £224,000) in a property owned and occupied by Mr N K A Jones.

In July 2003 Mr E N Fellner, a director of the company, made an interest receiving loan of US\$250,000 to Soho House New York LLC. This remained outstanding at the year end.

In November 2003 Mr K H H Jones, a director of the company, made an interest receiving loan of US\$400,000 to Soho House New York LLC. This loan was repaid in January 2005.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

24 RELATED PARTY TRANSACTIONS (continued)

The company has taken advantage of the exemption conferred by the Financial Reporting Standard 8 'Related Party Disclosures' not to disclose the transactions with group companies where the group controls at least 90% of the voting rights in those companies.

During the year Cowshed Products Limited a 100% wholly owned group subsidiary made sales of £32,166 to Soho House New York LLC, an entity in which the ultimate holding company had a 50% interest. At the year end £79,322 remained outstanding as due from Soho House New York LLC.

During the year Soho House UK Limited a 100% wholly owned group subsidiary paid for various expenses on behalf of Soho House New York LLC, an entity in which the ultimate holding company had a 50% interest during the year. On 23 May 2005, this holding was increased to 98.5% (see note 9). At the year end £1,622,063 was due from Soho House New York LLC to Soho House Limited.

Charges for the provision of management services levied between Soho House Limited and Soho House New York LLC in the year amount to \$100,000. At the year end no amount remained outstanding between the two entities.

25. POST BALANCE SHEET EVENTS

On 23 May 2005 Soho House Plc re-registered as a private limited company and was renamed Soho House Limited.

A major restructure took place on the same date. See Directors' Report for more detail on these events.

On 10 June 2005 the company exchanged contracts to purchase a freehold property at 162-170 High Road in Chiswick, West London for a total cost of £6m. The company plans to turn this building into a restaurant, hotel and private members' club.