

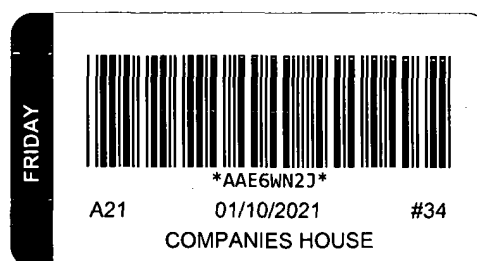
George (Mount Street) Limited

Annual Report and Financial Statements

53 Weeks Ended

3 January 2021

Company Number 03759332



George (Mount Street) Limited

Company Information

Directors	R A Caring C J Robinson
Company secretary	C J Robinson
Registered number	03759332
Registered office	26-28 Conway Street London W1T 6BQ
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

George (Mount Street) Limited

Contents

	Page
Strategic Report	1 – 3
Directors' Report	4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 29

George (Mount Street) Limited

Strategic Report For the 53 Weeks Ended 3 January 2021

The directors present their Strategic Report together with the audited financial statements for the 53 weeks ended 3 January 2021.

Principal activities, review of business and future developments

The principal activity of the company is the ownership and operation of a proprietary club "George".

Turnover for the period was £3.5m (29 December 2019 - £5.4m), a decrease of 34.1% because the club was closed for nearly 22 weeks due to COVID-19 restrictions.

Adjusted earnings before interest, taxation, depreciation, amortisation ("Adjusted EBITDA") for the period was £0.7m (29 December 2019 - £1.1m). In unprecedented conditions, the directors consider the result to be a satisfactory performance.

Financial and non-financial key performance indicators

In line with the company's operating objectives, the directors use both financial and non-financial KPIs. Where relevant, KPIs are used as the primary measures of whether the company is achieving its objectives. However, the scale and size of operations mean that the directors use many other detailed performance measures in addition to KPIs. The directors also use KPIs to measure performance against the company's primary objective of growing the business to create value for shareholders. The directors use qualitative assessments to judge progress against the company's objectives in areas where numerical measures are less relevant.

The KPIs used to measure performance include turnover growth year on year, gross profit margin and EBITDA margin (earnings before interest, taxation, depreciation and amortisation). These are benchmarked against the appropriate industry competitors and are reviewed to ensure that target ratios are achieved.

	53 weeks ended 3 January 2021 %	52 weeks ended 29 December 2019 %
Turnover (decline)/growth	(34.1)	11.0
Gross profit margin	87.1	82.9
Adjusted EBITDA* margin	<u>21.1</u>	<u>20.6</u>

The directors are satisfied with the KPIs in the period ended 3 January 2021.

*EBITDA is earnings before interest, taxation, depreciation, amortisation and exceptional items.

George (Mount Street) Limited

Strategic Report (continued) For the 53 Weeks Ended 3 January 2021

Going concern

The COVID-19 pandemic has significantly impacted our business with the enforced closure of all of our clubs from late March through to early July 2020. Further UK closures were enforced in November 2020, leading to a four-week national lockdown in England from 5th November 2020, all of which had an impact on our revenues. A third national lockdown was then announced and commenced on 4th January 2021 and is currently ongoing. However, the UK government has announced a roadmap to recovery from the pandemic with the hospitality sector scheduled to reopen fully on 17th May 2021, and sites with outdoor space permitted to open on 12th April 2021.

The closure of our clubs has required us to reduce our variable costs and fixed costs, where possible, to offset the impacts of these closures. This has also had an impact on our employees, though we have been able to leverage financial assistance through government support schemes such as the Coronavirus Job Retention Scheme.

When we were able to trade during 2020, all sites were re-opened and saw very strong trading performance. Looking ahead, we are anticipating the immediate re-opening of all clubs when lockdown ends, and strong trading as people begin to return to normal life.

Despite the challenges relating to COVID-19, the directors and management believe that the business is well positioned to be able to navigate through the impact of COVID-19 due to its available cash and working capital position, its ability to manage its costs, and the strength and flexibility of its customer proposition. The company is party to a new revolving credit facility with HSBC covering three groups under common control of Mr R Caring namely Caprice Holdings, The Birley Group and Troia (UK) Restaurants (the "banking group"), with this facility commencing from 30th April 2021. The Company has provided a cross-guarantee to this banking group and so is bound by the covenant requirements of the banking group as a whole.

In assessing the going concern basis of preparation of the financial statements for the period ended 03 January 2021, the directors have taken into consideration detailed cash flow forecasts for the business within the wider banking group, the forecast compliance with bank covenants, which are set at a banking group level, and the continued availability of funding from banks and shareholders covering a period of at least 12 months from the date of approval of the financial statements. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no additional third-party debt or equity funding, various trading revenue levels, cost reductions, and a combination of these different scenarios.

The key factors in relation to these plans are:

- the level of sales of food and beverage that may be subject to reduced capacity as a result of on-going restrictions; and
- the implementation of extensive cost reduction measures, together with deferral of capital expenditure.

Based on the available cash and the plans that have been put in place to manage the business in a cost-controlled manner, and the roadmap which has been set out by the Government the directors believe that the business will be able to operate within its agreed facilities, meet all of its covenant requirements and have the continued support of its bank and shareholders throughout the going concern period. The company and banking group is fortunate to benefit from the support of its bank and its significant shareholder, and has agreed its new revolving credit facility. The significant shareholder has indicated that he would be willing to support the banking group should cash funding be required that wasn't available through increasing existing or negotiated facilities with the Group's bank. Therefore, the expectation of the Directors' is that they will be able to continue in operation and meet liabilities as they fall due over a period of at least 12 months, and consequently the financial statements have been prepared on a going concern basis. Further details can be found within note 2.3.

George (Mount Street) Limited

Strategic Report (continued) For the 53 Weeks Ended 3 January 2021

Post balance sheet events

Following government requirements due to the Covid-19 pandemic, the UK was put into a third national lockdown from 4th January 2021. At the point of signing these accounts, the UK government has announced a roadmap to recovery from the pandemic with the hospitality sector scheduled to reopen fully on 17th May 2021, and sites with outdoor space permitted to open on 12th April 2021. As a result we have commenced reopening where permitted.

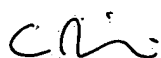
The Group has agreed a new £168m revolving credit facility with HSBC covering the wider group of Caprice Holdings, The Birley Group and Troia UK Restaurants, with this facility commencing from 30th April 2021.

Principal risks and uncertainties

The key risks and uncertainties are:

- The current state of the UK economy and ability to operate the company's club – the current COVID-19 pandemic has resulted in the complete closure of the estate. While the group has been able to support its staff through the government's Coronavirus Job Retention scheme, it is uncertain how long the current lockdown will last and over what period the current restrictions will be lifted. The UK economy has suffered significantly as a result of the pandemic, and this presents a risk to any consumer business. The group, however, has taken decisive action to secure its long term future and to ensure it is well prepared for when the estate is able to operate again.
- Operational risks - the key risks and uncertainties in the main business of club operation relate to ensuring consistent delivery of the products and services offered, ensuring the club retains its attractiveness to members.
- Liquidity risk – with the exception of amounts due to group undertakings, the company has net cash balances at the year end. The company has no financial assets other than short term debtors and cash at bank, with the exception of loans to related companies, and the company has no undrawn committed borrowing facilities.

This report was approved by the board and signed on its behalf.



C J Robinson
Director

Date: 15.04.21

George (Mount Street) Limited

Directors' Report For the 53 Weeks Ended 3 January 2021

The directors present their report together with the audited financial statements for the 53 weeks ended 3 January 2021.

Results and dividends

The profit for the period, after taxation, amounted to £405k (29 December 2019 - £803k).

The directors do not recommend the payment of a dividend (29 December 2019 - £Nil).

Business review

A review of the business and its principal risks and uncertainties is set out in the Strategic Report on pages 1 to 3 of these financial statements.

Directors

The directors who served during the period were:

R A Caring
L Newell (resigned 23 September 2020)
V Homan (resigned 4 August 2020)
N R J Cowley (resigned 1 July 2020)
C J Robinson

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



C J Robinson
Director

Date: 15.04.21

George (Mount Street) Limited

Directors' Responsibilities Statement For the 53 Weeks Ended 3 January 2021

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

George (Mount Street) Limited

Independent Auditor's Report to the Members of George (Mount Street) Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 January 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of George (Mount Street) Limited ("the Company") for the 53 week period ended 3 January 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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).

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 2.3 to the financial statements, which indicates the Directors' considerations over going concern including the potential impact of COVID-19. The Company is a member of a banking group where that group is reliant on meeting covenants with its bank or agreeing waivers or agreeing a suitable cure, in the event these covenants were not met. In the event that agreement is not reached with the bank then the banking group, and the Company, would need to seek alternative financial arrangements, which may not be achievable. As stated in note 2.3 to the financial statements, these events or conditions, along with the other matters as set out in note 2.3 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.

George (Mount Street) Limited

Independent Auditor's Report to the Members of George (Mount Street) Limited (continued)

Other information

The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

George (Mount Street) Limited

Independent Auditor's Report to the Members of George (Mount Street) Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in management's incentive to manipulate earnings before tax. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included the Health and Safety Act.

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

George (Mount Street) Limited

Independent Auditor's Report to the Members of George (Mount Street) Limited (continued)

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.



Mark R A Edwards (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

Date: 15.04.21

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

George (Mount Street) Limited

Statement of Comprehensive Income For the 53 Weeks Ended 3 January 2021

		53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
	Note		
Turnover	4	3,533	5,358
Cost of sales		(458)	(915)
Gross profit		3,075	4,443
Administrative expenses		(2,980)	(3,420)
Other operating income	5	460	-
Adjusted EBITDA*		747	1,102
Depreciation	12	(74)	(78)
Amortisation	11	-	(1)
Exceptional items	6	(118)	-
Operating profit	7	555	1,023
Interest payable and similar charges		-	(4)
Profit before taxation		555	1,019
Taxation on profit	10	(150)	(216)
Profit after taxation and total comprehensive income for the period		405	803

There was no other comprehensive income for the 53 weeks ended 3 January 2021 (52 weeks ended 29 December 2019 - £000Nil).

The notes on pages 13 to 29 form part of these financial statements.

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.


George (Mount Street) Limited

Registered number: 03759332

Statement of Financial Position As at 3 January 2021

	Note	3 January 2021 £000	3 January 2021 £000	29 December 2019 £000	29 December 2019 £000
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		360		383
			<u>360</u>		<u>383</u>
Current assets					
Stocks	13	168		141	
Debtors: amounts falling due within one year	14	12,481		12,492	
Cash at bank and in hand		1,044		510	
		<u>13,693</u>		<u>13,143</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,781)		(1,636)	
		<u></u>		<u></u>	
Net current assets			11,912		11,507
Total assets less current liabilities			<u>12,272</u>		<u>11,890</u>
Creditors: amounts falling due after more than one year	16		(70)		(93)
			<u></u>		<u></u>
Net assets			<u>12,202</u>		<u>11,797</u>
Capital and reserves					
Called up share capital	18		3,500		3,500
Share premium account	19		885		885
Profit and loss account	19		7,817		7,412
			<u></u>		<u></u>
Total equity			<u>12,202</u>		<u>11,797</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C J Robinson
Director

Date: 15.04.21

The notes on 13 to 29 form part of these financial statements.

George (Mount Street) Limited

Statement of Changes in Equity For the 53 Weeks Ended 3 January 2021

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 30 December 2019	3,500	885	7,412	11,797
Comprehensive income for the period				
Profit for the period	-	-	405	405
Total comprehensive income for the period	-	-	405	405
At 3 January 2021	3,500	885	7,817	12,202

Statement of Changes in Equity For the 52 Weeks Ended 29 December 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 31 December 2018	3,500	885	6,609	10,994
Comprehensive income for the period				
Profit for the period	-	-	803	803
Total comprehensive income for the period	-	-	803	803
At 29 December 2019	3,500	885	7,412	11,797

The notes on pages 13 to 29 form part of these financial statements.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

1. General information

George (Mount Street) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information page and the nature of the company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company has applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. The policies applied by the company under the previous edition of FRS 102 are not materially different to FRS 102 (March 2018) and have not impacted on equity or profit or loss.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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 MBH Group (UK) Limited as at 3 January 2021 and these financial statements may be obtained from the registered office.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

2. Accounting policies (continued)

2.3 Going concern

The COVID-19 pandemic has significantly impacted our business with the enforced closure of all of our clubs from late March through to early July 2020. Further UK closures were enforced in November 2020, leading to a four-week national lockdown in England from 5th November 2020, all of which had an impact on our revenues. A third national lockdown was then announced and commenced on 4th January 2021 and is currently ongoing. However, the UK government has announced a roadmap to recovery from the pandemic with the hospitality sector scheduled to reopen fully on 17th May 2021, and sites with outdoor space permitted to open on 12th April 2021.

The closure of our clubs has required us to reduce our variable costs and fixed costs, where possible, to offset the impacts of these closures. This has also had an impact on our employees, though we have been able to leverage financial assistance through government support schemes such as the Coronavirus Job Retention Scheme.

When we were able to trade during 2020, all sites were re-opened and saw very strong trading performance. Looking ahead, we are anticipating the immediate re-opening of all clubs when lockdown ends, and strong trading as people begin to return to normal life.

Despite the challenges relating to COVID-19, the directors and management believe that the business is well positioned to be able to navigate through the impact of COVID-19 due to its available cash and working capital position, its ability to manage its costs, and the strength and flexibility of its customer proposition. The company is party to a new revolving credit facility with HSBC covering three groups under common control of Mr R Caring namely Caprice Holdings, The Birley Group and Troia (UK) Restaurants (the "banking group"), with this facility commencing from 30th April 2021. The Company has provided a cross-guarantee to this banking group and so is bound by the covenant requirements of the banking group as a whole.

In assessing the going concern basis of preparation of the financial statements for the period ended 03 January 2021, the directors have taken into consideration detailed cash flow forecasts for the business within the wider banking group, the forecast compliance with bank covenants, which are set at a banking group level, and the continued availability of funding from banks and shareholders covering a period of at least 12 months from the date of approval of the financial statements. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no additional third-party debt or equity funding, various trading revenue levels, cost reductions, and a combination of these different scenarios.

The key factors in relation to these plans are:

- the level of sales of food and beverage that may be subject to reduced capacity as a result of on-going restrictions; and
- the implementation of extensive cost reduction measures, together with deferral of capital expenditure.

Despite the recent confirmation that the Government roadmap for the easing of restrictions is on track, there remains a degree of uncertainty about whether there could be further lockdowns or significant restrictions on trade within the going concern review period and if there were to be a prolonged closure period, impacting this group or the wider banking group, it is possible a breach of covenants would occur which would require a waiver or a cure, and the failure to achieve this would result in the Group needing to seek alternative financial support, which is not committed and so may not be achievable. Given the associated uncertainty with potential trading restrictions over the review period a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Company were unable to continue as a going concern.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

2. Accounting policies (continued)

2.3 Going concern (continued)

Based on the available cash and the plans that have been put in place to manage the business in a cost-controlled manner, and the roadmap which has been set out by the Government the directors believe that the business will be able to operate within its agreed facilities, meet all of its covenant requirements and have the continued support of its bank and shareholders throughout the going concern period. The company and banking group is fortunate to benefit from the support of its bank and its significant shareholder, and has agreed its new revolving credit facility. The significant shareholder has indicated that he would be willing to support the banking group should cash funding be required that wasn't available through increasing existing or negotiated facilities with the Group's bank. Therefore, the expectation of the Directors' is that they will be able to continue in operation and meet liabilities as they fall due over a period of at least 12 months, and consequently the financial statements have been prepared on a going concern basis

2.4 Turnover

Turnover represents subscriptions earned and sales to members, net of value added tax.

Subscriptions received are credited to the Statement of Comprehensive Income on an accruals basis. The proportion of subscriptions treated as unearned is carried forward at the Statement of Financial Position date and credited to the Statement of Comprehensive Income in the following period. Life memberships are credited to the Statement of Comprehensive Income over a ten year period. Subscriptions are not repayable under any circumstances.

Turnover is measured at the fair value of the consideration received or receivable net of value added tax, any discounts and customer returns.

Turnover from sale of food and drink is recognised on the day the sale occurs.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The trademarks are amortised over the estimated useful lives which is 5 years.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold property	- over the term of the lease
Plant and machinery	- between three and five years
Furniture, fixtures and fittings	- between five and ten years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Works of art are not depreciated.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Coronavirus Job Retention Grant

The Coronavirus Job Retention Grant ("Furlough Scheme") is accounted under the accruals model as permitted by FRS 102. Income received under the furlough scheme is recognised in the Statement of Comprehensive Income as other operating income in the same period as the related expenditure.

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.16 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.17 Exceptional items

Exceptional items are items of income or expense which because of their nature and the events giving rise to them are not directly related to the company's core operations and therefore merit separate presentation to allow the users of the financial statements to understand better the elements of financial performance in the period.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Coronavirus Job Retention Scheme grant	<u>460</u>	<u>-</u>

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

6. Exceptional items

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Redundancy costs	79	-
Stock losses	13	-
Exceptional marketing costs	26	-
	<u>118</u>	<u>-</u>

7. Operating profit

The operating profit is stated after charging:

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Depreciation of tangible fixed assets	74	78
Amortisation of intangible fixed assets	-	1
Hire of plant and machinery - operating leases	8	9
Hire of other assets - operating leases	389	426
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>9</u>	<u>9</u>

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

8. Employees

Staff costs were as follows:

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Wages and salaries	1,364	1,529
Social security costs	92	108
Cost of defined contribution scheme	29	37
	<u>1,485</u>	<u>1,674</u>

Included in wages and salaries are £55k (29 December 2019 - £85k) of costs paid to agency staff and redundancy costs of £79k (29 December 2019 - £Nil).

The average monthly number of employees, including the directors, during the period was as follows:

	53 weeks ended 3 January 2021 No.	52 weeks ended 29 December 2019 No.
Catering and administration	56	60
Directors	4	5
	<u>60</u>	<u>65</u>

9. Directors' remuneration

No director received any emolument during the current period (29 December 2019 - £Nil).

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

10. Taxation

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Corporation tax		
Current tax on profit for the period	114	62
Adjustments in respect of previous periods	36	1
Group taxation relief	-	134
Total current tax	150	197
Deferred tax		
Origination and reversal of timing differences	3	1
Adjustment in respect of previous periods	(1)	18
Effect of tax rate change on opening balance	(2)	-
Total deferred tax	-	19
Taxation on profit on ordinary activities	150	216

Factors affecting tax charge for the period

The tax assessed for the period is higher than (29 December 2019 - higher than) the standard rate of corporation tax in the UK of 19% (29 December 2019 - 19%). The differences are explained below:

	53 weeks ended 3 January 2021 £000	52 weeks ended 29 December 2019 £000
Profit on ordinary activities before tax	555	1,019
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (29 December 2019 - 19%)	105	194
Effects of:		
Fixed asset differences	7	4
Adjustments in respect of prior periods (current)	36	-
Adjustments in respect of prior periods (deferred tax)	(1)	18
Tax rate differences	3	-
Group relief claimed	-	(134)
Payment for group relief	-	134
Total tax charge for the period	150	216

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

10. Taxation (continued)

Factors that may affect future tax charges

The closing deferred tax asset has been calculated at 19% in accordance with the rates enacted at the Statement of Financial Position date.

At Budget 2021, the government announced that the main rate of Corporation Tax (for all profits except ring fenced profits) for the years starting 1 April 2021 and 2022 would remain at 19%. The government also announced that from 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

11. Intangible assets

	Trademarks £000
Cost	
At 30 December 2019	7
At 3 January 2021	7
Amortisation	
At 30 December 2019	7
Charge for the period	-
At 3 January 2021	7
Net book value	
At 3 January 2021	-
At 29 December 2019	-

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

12. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Furniture, fixtures and fittings £000	Total £000
Cost				
At 30 December 2019	3,549	844	945	5,338
Additions	-	2	49	51
At 3 January 2021	<u>3,549</u>	<u>846</u>	<u>994</u>	<u>5,389</u>
Depreciation				
At 30 December 2019	3,335	779	841	4,955
Charge for the period	11	24	39	74
At 3 January 2021	<u>3,346</u>	<u>803</u>	<u>880</u>	<u>5,029</u>
Net book value				
At 3 January 2021	<u>203</u>	<u>43</u>	<u>114</u>	<u>360</u>
At 29 December 2019	<u>214</u>	<u>65</u>	<u>104</u>	<u>383</u>

Included in leasehold property are certain works of art which are not depreciated. The directors consider that the open market value of these works of art is significantly in excess of the net book value of £77k.

13. Stocks

	3 January 2021 £000	29 December 2019 £000
Raw material and consumables	<u>168</u>	<u>141</u>

An impairment loss of £Nil (29 December 2019 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

There is no material difference between the replacement cost of stocks and the amounts stated above

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

14. Debtors: amounts falling due within one year

	3 January 2021 £000	29 December 2019 £000
Trade debtors	40	137
Amounts owed by group undertakings	11,976	12,150
Amounts owed by related parties	305	-
Other debtors	-	1
Prepayments and accrued income	142	186
Deferred taxation (note 17)	18	18
	<u>12,481</u>	<u>12,492</u>

The impairment credit recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £11k (29 December 2019 - charge of £5k).

Amounts owed by group undertakings include amounts of £Nil (29 December 2019 - £93k) due after more than one year. All other amounts shown under debtors fall due for payment within one year.

15. Creditors: amounts falling due within one year

	3 January 2021 £000	29 December 2019 £000
Trade creditors	409	233
Amounts owed to related parties	72	13
Corporation tax	139	87
Other taxation and social security	151	292
Other creditors	90	118
Accruals and deferred income	920	893
	<u>1,781</u>	<u>1,636</u>

All amounts due are interest free, unsecured and repayable on demand.

16. Creditors: amounts falling due after more than one year

	3 January 2021 £000	29 December 2019 £000
Deferred income	<u>70</u>	<u>93</u>

Deferred income includes amounts of £2k (29 December 2019 - £15k) due more than five years from the Statement of Financial Position date.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

17. Deferred taxation

	3 January 2021 £000
At beginning of period	18
Charged to profit or loss	-
At end of period	18

The deferred tax asset is made up as follows:

	3 January 2021 £000	29 December 2019 £000
Capital allowance differences	16	15
Short term timing differences	2	3
	18	18

18. Share capital

	3 January 2021 £000	29 December 2019 £000
Allotted, called up and fully paid		
51,000 (29 December 2019 - 51,000) A ordinary shares of £1 each	51	51
26,500 (29 December 2019 - 26,500) B ordinary shares of £1 each	27	27
3,422,383 (29 December 2019 - 3,422,383) C ordinary shares of £1 each	3,422	3,422
	3,500	3,500

All ordinary shares rank pari passu in all respects.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Contingent liabilities

The company is a guarantor to a bank loan facility taken out by group and related undertakings by virtue of common control. At 3 January 2021, the total amount outstanding under group loan facilities was £38.2m (29 December 2019 - £49.2m).

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amount £29k (29 December 2019 - £37k). As at 3 January 2021 outstanding contributions totalled £11k (29 December 2019 - £16k).

22. Commitments under operating leases

At 3 January 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	3 January 2021 £000	29 December 2019 £000
Not later than 1 year	425	425
Later than 1 year and not later than 5 years	1,700	1,700
Later than 5 years	2,753	3,183
	<u>4,878</u>	<u>5,308</u>

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

23. Related party transactions

At the Statement of Financial Position date the company was a 99.5% subsidiary of Makino Limited, the ultimate holding company.

On 3 January 2021, amounts due (to)/from group undertakings included the following amounts in relation to fellow subsidiaries of Makino Limited:

	Current account debtor/ (creditor) 3 January 2021 £000	Current account debtor/ (creditor) 29 December 2019 £000
Annabel's (Berkeley Square) Limited	3,567	3,186
The Bath and Racquets Club Limited	4	-
Harry's Bar Limited	145	146
Mark's Club (Charles Street) Limited	302	651
Mark Birley Associates Limited	35	246
Mark Birley Holdings Limited	2,763	2,641
MBH Group (UK) Limited	2,927	2,965
46 Berkeley Square Ltd	<u>2,233</u>	<u>2,313</u>

The company was charged £289k (29 December 2019 - £274k) by Mark Birley Associates Limited for management services during the period, and was recharged £12k (29 December 2019 - £146k) for other costs. The company was charged £Nil (29 December 2019 - £11k) by Annabel's (Berkeley Square) Limited and £Nil (29 December 2019 - £70k) by 46 Berkeley Square Ltd for the supply of beverages. The other balances above reflect intercompany loan transactions.

At 3 January 2021, the company was owed £305k by (29 December 2019 - £13k owed to) Caprice Holdings Limited. The company was charged £3k (29 December 2019 - £Nil) by Caprice Holdings Limited, largely for the supply of beverages. The company is related by virtue of common control whose results are not included in the consolidated financial statements of MBH Group (UK) Limited. This loan balance is non interest-bearing.

At 3 January 2021, the company owed £72k (29 December 2019 - £Nil) to Friday (London) Ltd. The company is related by virtue of common control whose results are not included in the consolidated financial statements of MBH Group (UK) Limited. This loan balance is non interest-bearing.

Other than noted above, the movements in relation to the above balances relate to funding provided.

24. Ultimate parent company and parent undertaking of larger group

R A Caring, who has a controlling stake in the shares of Makino Limited, a company incorporated in Jersey and the company's ultimate parent company, is the company's ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by MBH Group (UK) Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the registered office. No other group accounts include the results of the company.

George (Mount Street) Limited

Notes to the Financial Statements For the 53 Weeks Ended 3 January 2021

25. Post balance sheet events

Following government requirements due to the Covid-19 pandemic, the UK was put into a third national lockdown from 4th January 2021. At the point of signing these accounts, the UK government has announced a roadmap to recovery from the pandemic with the hospitality sector scheduled to reopen fully on 17th May 2021, and sites with outdoor space permitted to open on 12th April 2021. As a result we have commenced reopening where permitted.

The Group has agreed a new £168m revolving credit facility with HSBC covering the wider group of Caprice Holdings, The Birley Group and Troia UK Restaurants, with this facility commencing from 30th April 2021.