SHG Acquisition (UK) Limited

Report and Financial Statements

52 weeks ended

1 January 2012

Company Number 6395943

SHG Acquisition (UK) Limited

Report and financial statements
for the period ended 1 January 2012

Contents

Page:

Directors

R A Caring
L Copperthwaite
J W S Lawrence
N K A Jones
G J Williams

Secretary and registered office

J W S Lawrence, 72 - 74 Dean Street, London, W1U 7EU

Company number

6395943

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

SHG Acquisition (UK) Limited

Report of the directors
for the period ended 1 January 2012

The directors present their report together with the audited financial statements for the 52 week period ended 1 January 2012 The comparative financial information represents the 40 weeks ended 2 January 2011

Results and dividends

The profit and loss account is set out on page 8 and shows the loss for the period

Principal activities

During the period the principal business of the group was the operation of private members clubs, restaurants, hotel rooms and a cinema, in the UK, Germany and the USA The principal activity of the company was an investment holding company

Review of the business

As noted above the current period represents the 52 weeks to 1 January 2012 The comparative financial information represents the 40 weeks ended 2 January 2011

The consolidated turnover for the group is £131 9m (2 January 2011 - £85 0m) representing continued growth of our existing sites as well as full year trading for Soho Beach House and Pizza East Portobello which opened in May 2011 The group Earnings before interest, taxation, depreciation and amortisation ("EBITDA") excluding exceptional items is £17 9m (2 January 2011 - £11 9m) and the group generated cash from operations of £21 4m compared to £12 2m in 2011

Soho Beach House (Miami) opened its doors in November 2010 and has therefore been operating throughout this financial period compared against 2 months in the previous period The site has performed above budget for the period and continues to perform well at the start of 2012 Existing sites also performed well with EBITDA growth on the prior period - Babington (7 3%), Soho House (4 6%), Shoreditch House (13 5%), Cecconi's London (10 4%), Pizza East Shoreditch (33 8%), High Road House (25 2%), Soho House NY (31 5%) Soho House West Hollywood and Soho Beach House completed their first full year's trading and have performed ahead of budget, with particularly strong performance from West Hollywood which opened in March 2010

Pizza East Shoreditch opened in October 2009 and following the successful launch of this new concept, we opened Pizza East Portobello in May 2011 Both sites are performing strongly, with Shoreditch particularly showing tremendous Ebitda growth (34%) year on year We have acquired another site to continue the Pizza East expansion, with Pizza East Kentish Town due to open in summer 2012, from the same site we will also be launching our new offering of Chicken Shop, serving free-range Chicken, simply cooked

This is a strong performance from each of the group's units especially given the uncertain economic conditions

The group has continued the maintenance of existing units to keep our properties to the highest standards

The group has funded the various investments in the current year from its own working capital The group uses its overdraft facility for the day to day running of operations The group also serviced its term debt used partly for the acquisition of the group

The group's consolidated loss after amortisation, depreciation and taxation was £9 9m (2 January 2011 - £6 7m)

Future developments

In May 2012, the group opened Little House Mayfair which is the first of what we hope will be a number of sibling clubs to the Soho Houses in various locations Envisioned as a slightly more grown up concept, 'Little Houses' will partner with an existing Soho House (or Houses) in a city to provide an additional private, sophisticated haven for our Members

Soho House is actively pursuing its international expansion plans and we are pleased to announce that agreements have been signed for Soho House Toronto (due to open in September 2012), Soho House Istanbul, Soho House Barcelona and Soho House Chicago which are all due to open by the end of 2014 Soho House Mumbai is due to open in Spring 2014

Financial and non financial key performance indicators

In line with our operating objectives, we use both financial and non-financial KPIs Where relevant, KPIs are used as our primary measures of whether we are achieving our objectives, however, the scale and size of our operations means we use many other detailed performance measures in addition to KPIs We also use KPIs to measure performance against our primary objective of growing our businesses to create value for our shareholders We use qualitative assessments to judge progress against our objectives in areas where numerical measures are less relevant

The KPIs used to measure performance include gross profit margin and operating profit margin before depreciation and amortisation We benchmark these measures against the appropriate industry competitors and make the necessary controls to ensure that we achieve our target ratios

	Note	52 weeks ended 1 January 2012	40 weeks ended 2 January 2011
Gross profit margin		**80 6%**	79 1%
Group operating margin before depreciation, amortisation and pre opening costs		**13 5%**	14 0%

Gross profit margin and operating margins were within expectations for the period

Principal risks and uncertainties

In addition to the opportunities we have to grow and develop our business, the group faces a range of risks and uncertainties as part of both its day to day operations and its corporate activities, these include the impact of a general economic downturn, regulatory changes, major incidents, labour and energy costs We strive to mitigate the impact from such risks by implementing the appropriate corporate governance policies

Financial instruments

The group uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below

Foreign exchange risk
As a result of the significant investment in operations in the USA, the Group's balance sheet and profit and loss can be significantly affected by movements in the US dollar/sterling exchange rates The Group minimises its exposure to investments in foreign currencies where possible by aligning the currencies of liabilities and assets

Liquidity risk
The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business

Interest rate risk
The group is exposed to fair value interest rate risk on its floating rate borrowings which is mitigated by hedging with a fixed rate interest rate swap The group is also exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and loans

Credit risk
Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary

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

Post balance sheet events

On 13 January 2012, Abertarff Limited, the group's immediate and ultimate parent undertaking, was acquired by the Yucaipa group of companies, which has become the majority shareholder of the Soho House Group

On 13 January 2012, following the acquisition of the group by the Yucaipa group of companies, the group's Bank loans (£143,693,000), Other loans (£7,860,000) and Shareholder loan notes (£30,000,000) that were previously within the group, were repaid through the injection of equity funding, new acquisition debt from Lloyds (£71 2m) and Yucaipa loans ($34 7m) As a result the Group has reduced its net debt from £186 9m to £93 2m, which provides the newly formed group with a solid capital structure for our future expansion plans As part of the new acquisition loan from Lloyds, the group has a £10m capex facility available for draw down

In April 2012, Yucaipa's shareholder loan was refinanced in the US, with a $40m term loan from UBS

The acquisition provides for future capital for substantial international expansion of the Soho House brand New openings are planned for Mumbai, Istanbul, Toronto, Barcelona and Chicago by the end of 2014, with a number of other sites under active consideration

Employment of disabled persons

The company is committed to a policy of recruitment, promotion and training on the basis of aptitude and ability without discrimination of any kind The management facilitates both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and re-training of employees who become disabled whilst employed by the company Attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company

Employee involvement

The flow of information to staff will be maintained via our internal intranet Members of staff are able to communicate with the management team on a regular basis to discuss matters of current interest and concern to the business

Directors

The directors of the company during the period were

R A Caring
L Copperthwaite
J W S Lawrence
N K A Jones
G J Williams

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

On behalf of the board

G J Williams
Director

Date 31 May 2012

SHG Acquisition (UK) Limited

Independent auditor's report

To the members of SHG Acquisition (UK) Limited

We have audited the financial statements of SHG Acquisition (UK) Limited for the 52 weeks ended 1 January 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 1 January 2012 and of the group's loss 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent company 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

David Campbell (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

31/5/12

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

SHG Acquisition (UK) Limited

Consolidated profit and loss account
for the period ended 1 January 2012

	Note	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Turnover (the prior year includes £3,224,000 relating to acquisitions)	2	**131,893**	85,006
Cost of sales		**25,611**	17,757
Gross profit		**106,282**	67,249
Administrative expenses		**104,772**	69,298
EBITDA*		**17,869**	11,897
Depreciation and amortisation		**(16,237)**	(10,079)
Exceptional items - pre opening costs		**(122)**	(3,867)
Group operating profit/(loss)	3	**1,510**	(2,049)
Other interest receivable and similar income		**2**	-
Interest payable on bank loans		**5,936**	4,080
Exceptional swap break costs		**5,828**	-
Interest payable and similar charges	6	**(11,764)**	(4,080)
Loss on ordinary activities before taxation		**(10,252)**	(6,129)
Taxation on loss on ordinary activities	7	**273**	(535)
Loss on ordinary activities after taxation		**(9,979)**	(6,664)
Minority interest		**13**	25
Loss for the financial period	18	**(9,966)**	(6,639)

The prior year includes turnover of £3,224,000 and operating profit of £336,000 relating to acquisitions

All amounts relate to continuing activities
* EBITDA is earnings before interest, tax, depreciation and amortisation

The notes on pages 14 to 32 form part of these financial statements

SHG Acquisition (UK) Limited

Consolidated statement of total recognised gains and losses
for the period ended 1 January 2012

	Note	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Consolidated statement of total recognised gains and losses			
Loss for the financial period		**(9,966)**	(6,639)
Total gains and losses for the period before currency adjustments		**(9,966)**	(6,639)
Exchange translation differences on consolidation	18	**123**	(784)
Total recognised gains and losses for the financial period		**(9,843)**	(7,423)

There are no differences between historical cost profit and loss and the results above

The notes on pages 14 to 32 form part of these financial statements

SHG Acquisition (UK) Limited

Consolidated balance sheet
at 1 January 2012

Company number 6395943	Note	1 January 2012 £'000	1 January 2012 £'000	2 January 2011 As restated £'000	2 January 2011 As restated £'000
Fixed assets					
Intangible assets	9		51,343		54,307
Tangible assets	10		123,738		122,294
			175,081		176,601
Current assets					
Stocks	12	5,439		5,196	
Debtors - due within one year	13	5,351		6,238	
Debtors - due after more than one year	13	1,850		1,715	
Total debtors		7,201		7,953	
Cash at bank and in hand		3,869		4,603	
		16,509		17,752	
Creditors: amounts falling due within one year	14	57,677		50,440	
Net current liabilities			(41,168)		(32,688)
Total assets less current liabilities			133,913		143,913

The notes on pages 14 to 32 form part of these financial statements

SHG Acquisition (UK) Limited

Consolidated balance sheet
at 1 January 2012 *(continued)*

	Note	1 January 2012 £'000	1 January 2012 £'000	2 January 2011 As restated £'000	2 January 2011 As restated £'000
Creditors: amounts falling due after more than one year	15	**161,672**		161,566	
Provisions for liabilities	16	**249**		500	
			161,921		162,066
Capital and reserves					
Profit and loss account	18	**(27,988)**		(18,145)	
Shareholders' deficit	19		**(27,988)**		(18,145)
Minority interests			**(20)**		(8)
			133,913		143,913

The financial statements were approved by the board of directors and authorised for issue on 31 May 2012

G J Williams
Director

The notes on pages 14 to 32 form part of these financial statements

SHG Acquisition (UK) Limited

Company balance sheet
at 1 January 2012

Company number 6395943	Note	1 January 2012 £'000	1 January 2012 £'000	2 January 2011 £'000	2 January 2011 £'000
Fixed assets					
Fixed asset investments	11		**96,638**		96,638
Current assets					
Debtors - due within one year	13	**-**		1,426	
Debtors - due after more than one year	13	**2,225**		1,275	
Total debtors		**2,225**		2,701	
Cash at bank and in hand		**2**		-	
		2,227		2,701	
Creditors: amounts falling due within one year	14	**8,784**		1,959	
Net current (liabilities)/assets			**(6,557)**		742
Total assets less current liabilities			**90,081**		97,380
Creditors. amounts falling due after more than one year	15		**107,481**		107,343
Capital and reserves					
Profit and loss account	18	**(17,400)**		(9,963)	
Shareholders' deficit	19		**(17,400)**		(9,963)
			90,081		97,380

The financial statements were approved by the board of directors and authorised for issue on 31 May 2012

G J Williams
Director

The notes on pages 14 to 32 form part of these financial statements

SHG Acquisition (UK) Limited

Consolidated cashflow statement
for the period ended 1 January 2012

	Note	52 weeks ended 1 January 2012 £'000	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000	40 weeks ended 2 January 2011 £'000
Net cash inflow from operating activities	23		**21,425**		12,187
Returns on investments and servicing of finance					
Interest received		**2**		-	
Interest paid bank loans		**(6,510)**		(3,861)	
Swap break costs		**(5,828)**		-	
Net cash outflow from returns on investments and servicing of finance			**(12,336)**		(3,861)
Taxation					
Corporation tax paid			**(21)**		-
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		**(264)**		(172)	
Payments to acquire tangible fixed assets		**(12,124)**		(21,758)	
Receipts from sale of tangible fixed assets		**16**		-	
Net cash outflow from capital expenditure and financial investment			**(12,372)**		(21,930)
Acquisitions and disposals					
Cash acquired with purchase of subsidiary			**-**		62
Cash outflow before use of financing			**(3,304)**		(13,542)
Financing					
New loans		**-**		9,084	
Capital element of finance leases repaid		**(1,274)**		-	
Shareholders loans		**949**		4,089	
Net cash (outflow)/inflow from financing			**(325)**		13,173
Decrease in cash	24		**(3,629)**		(369)

The notes on pages 14 to 32 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 to 3 The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Business Review on pages 1 to 3

In assessing the going concern basis of preparation of the consolidated financial statements for the period ended 1 January 2012, the directors have taken into consideration detailed cash flow forecasts for the Group, and the Group's forecast compliance with bank covenants and the availability of funding to the Group from its bankers and its shareholders

The directors consider that the Group has sufficient financial resources together with an established and cash generative business model, and access to borrowing facilities As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

In assessing the going concern basis of preparation of the consolidated financial statements for the period ended 1 January 2012, the directors have taken into consideration detailed cash flow forecasts for the Group, and the Group's forecast compliance with bank covenants and the availability of funding to the Group from its bankers and its shareholders

Based on this assessment the directors are confident that the Group will have adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements for period ended 1 January 2012

Basis of consolidation

The consolidated financial statements incorporate the results of SHG Acquisition (UK) Limited and all of its subsidiary undertakings as at 1 January 2012 using the acquisition method of accounting The results of subsidiary undertakings are included from the date of acquisition

Turnover

Turnover represents the amounts receivable, excluding value added tax, in respect of the sale of goods and services to customers Turnover from the sale of goods and services is recognised at the point of sale Membership income is paid in advance and is deferred and recognised on a monthly basis

Comparatives

Opening balances for fixed assets and debtors have been restated by £1 5m to better reflect the substance of a finance lease transaction The restatement has no impact on profit and loss or net assets

1 **Accounting policies** *(continued)*

Intangible assets - goodwill

Goodwill arising on acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, which is 20 years Impairment tests on the carrying value of goodwill are undertaken

- in the period of acquisition and at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use

Intangible assets - trademarks

Trademarks are initially recognised in the balance sheet at cost The trademarks are amortised over their estimated useful lives which is 10 years

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost tangible fixed assets by equal instalments over their expected useful lives It is calculated at the following rates

Freehold land and buildings	- between 50-100 years
Leasehold property and improvements	- over period of lease on straight line basis
Motor vehicles	- 4 years straight line
Furniture and equipment	- 5 years straight line
Office equipment	- 2-4 years straight line

Assets under construction are stated at cost with no provision for depreciation

Stocks

Stock is valued at the lower of cost and net realisable value

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Investments

Fixed asset investments are stated at cost less provisions for diminution in value

1 Accounting policies *(continued)*

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable over the term of the lease The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding The capital part reduces the amounts payable to the lessor

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date Any differences are taken to the profit and loss account

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves

Capitalisation of finance costs

Finance costs which are directly attributable to the development of a specific venue are capitalised at the standard rate of interest borne by the company Capitalisation commences when finance costs are incurred and expenditure on the venue begins Capitalisation ceases when the development of a particular venue is substantially complete in accordance with FRS 15

2 Turnover

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Analysis by geographical market		
United Kingdom	75,718	54,285
Europe	9,119	4,914
US	47,056	25,807
	131,893	85,006

Turnover is wholly attributable to the principal activity of the group

3 Operating profit/(loss)

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	13,009	7,678
Amortisation of goodwill	3,157	2,369
Amortisation of other intangible fixed assets	71	32
Hire of other assets - operating leases	13,471	8,498
Auditors' remuneration		
- for the audit of the company	20	20
- for the audit of the subsidiaries	110	60
- other taxation services	262	95
- other accounting services	38	-
Exchange differences	147	110

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4 Employees

Staff costs (including directors) consist of

	Group 52 weeks ended 1 January 2012 £'000	Group 40 weeks ended 2 January 2011 £'000
Wages and salaries	**41,902**	29,240
Social security costs	**3,629**	2,906
Other pension costs	**1,370**	689
	46,901	32,835

The average number of employees (including directors) during the period was as follows

	Group 52 weeks ended 1 January 2012 Number	Group 40 weeks ended 2 January 2011 Number
Administration	**208**	196
Operations	**2,200**	1,907
	2,408	2,103

5 Directors' remuneration

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Directors' emoluments	558	429
Company contributions to money purchase pension schemes	20	16

The total amount payable to the highest paid director in respect of emoluments was £400,000 (2011 - £308,000)

The above remuneration relates to 2 directors (2 January 2011 - 2 directors) who are remunerated by the group

During the period two directors participated in money purchase pension schemes

No directors emoluments were paid through the company

6 Interest payable and similar charges

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Bank loans and overdrafts	5,936	4,231
Less interest capitalised	-	(151)
Exceptional swap break costs	5,828	-
	11,764	4,080

7 Taxation on loss on ordinary activities

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Corporation tax		
Current tax on profits of the period	20	682
Adjustment in respect of previous periods	(42)	-
Total current tax	(22)	682
Deferred tax		
Origination and reversal of timing differences	(302)	(253)
Adjustment in respect of prior years	51	106
Movement in deferred tax provision	(251)	(147)
Taxation on loss on ordinary activities	(273)	535

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to loss before tax The differences are explained below

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Loss on ordinary activities before tax	(10,252)	(6,129)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26 5% (2011 - 28 0%)	(2,717)	(1,716)
Effect of		
Expenses not deductible for tax purposes	1,129	879
Depreciation for period in excess of capital allowances	301	22
Adjustment to tax charge in respect of previous periods	(42)	-
Other temporary differences	1	22
Losses brought forward	-	(50)
Unutilised tax losses	1,286	1,525
Tax payable in US	20	-
Current tax (credit)/charge for the period	(22)	682

There are tax losses of £1,068,000 (2 January 2011 - £1,068,000) in SHG Acquisition UK Limited which have not been recognised as they are not available for group relief

8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements The group loss for the period includes a loss after tax of £7,437,000 (2011 - £2,584,000) which is dealt with in the financial statements of the parent company

9 Intangible fixed assets

Group

	Trademarks £'000	Goodwill £'000	Total £'000
Cost			
At 3 January 2011	337	63,329	63,666
Additions	264	-	264
At 1 January 2012	**601**	**63,329**	**63,930**
Amortisation			
At 3 January 2011	52	9,307	9,359
Provided for the period	71	3,157	3,228
At 1 January 2012	**123**	**12,464**	**12,587**
Net book value			
At 1 January 2012	**478**	**50,865**	**51,343**
At 2 January 2011	285	54,022	54,307

10 Tangible fixed assets
Group

	Freehold land and buildings £'000	Leasehold properties and improvements £'000	Motor vehicles £'000	Furniture and equipment £'000	Office equipment £'000	Total £'000
Cost						
At 3 January 2011 as restated	48,171	52,858	139	45,947	4,596	151,711
Additions	-	7,991	31	5,672	449	14,143
Disposals	-	-	(95)	-	-	(95)
Exchange adjustments	191	231	-	197	13	632
At 1 January 2012	**48,362**	**61,080**	**75**	**51,816**	**5,058**	**166,391**
Depreciation						
At 3 January 2011	-	8,248	123	18,761	2,285	29,417
Provided for the period	736	3,682	9	7,695	887	13,009
Disposals	-	-	(85)	-	-	(85)
Exchange adjustments	19	103	-	176	14	312
At 1 January 2012	**755**	**12,033**	**47**	**26,632**	**3,186**	**42,653**
Net book value						
At 1 January 2012	**47,607**	**49,047**	**28**	**25,184**	**1,872**	**123,738**
At 2 January 2011 as restated	48,171	44,610	16	27,186	2,311	122,294

11 Fixed asset investments

Company

	Shares in subsidiary undertakings £'000
Cost	
At 2 January 20111 January 2012	**96,638**

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the period end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Soho House Limited	England	100%	Leisure
Soho House UK Limited	England	100%*	Leisure
Pizza East Limited	England	100%	Leisure
Soho House Properties Limited	England	100%	Property investment
Cowshed Products Limited	England	100%*	Cosmetics
NBJ Leisure Limited	England	100%*	Non trading
Soho House US Corp	USA	100%*	Holding company
Soho House LLC	USA	99 5%*	Holding company
Soho House New York LLC	USA	99 5%*	Leisure
Soho House Beach House LLC	USA	99 5%*	Leisure
Soho House New York Inc	USA	99 5%*	Non trading
Soho House West Hollywood LLC	USA	99 5%*	Leisure
Ryder Properties LLC	USA	99 5%*	Leisure
Soho Ryder Acquisition LLC	USA	99 5%*	Holding company
Soho House Berlin GmbH	Germany	100%*	Leisure
Cowshed Products LLc	USA	99 5%	Non trading

*denotes indirect holding by the company

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration

12 Stocks

	Group 1 January 2012 £'000	Group 2 January 2011 £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Finished goods and goods for resale	**858**	772	**-**	-
Consumables	**4,581**	4,424	**-**	-
	5,439	5,196	**-**	-

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

13 Debtors

	Group 1 January 2012 £'000	Group 2 January 2011 As restated £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Amounts receivable within one year				
Trade debtors	**1,011**	1,455	**-**	-
Amounts owed by related undertakings	**-**	20	**-**	1,426
Other debtors	**1,793**	2,356	**-**	-
Prepayments and accrued income	**2,547**	2,407	**-**	-
	5,351	6,238	**-**	1,426
Amounts receivable after more than one year				
Amounts owed by group undertakings	**-**	-	**2,225**	1,275
Other debtors	**1,850**	1,715	**-**	-
Total debtors	**7,201**	7,953	**2,225**	2,701

Other debtors relate to rent deposits

14 Creditors: amounts falling due within one year

	Group 1 January 2012 £'000	Group 2 January 2011 £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Bank overdrafts	**6,874**	3,979	-	9
Bank loans (secured)	**15,387**	15,272	-	-
Other loans	**5,060**	4,089	**2,225**	1,275
Trade creditors	**8,916**	8,790	-	-
Amounts owed to related undertakings	-	-	**6,462**	-
Corporation tax	**639**	682	-	-
Other taxation and social security	**3,319**	2,842	-	-
Obligations under finance lease and hire purchase contracts	**1,804**	603	-	-
Other creditors	**2,553**	1,898	-	-
Accruals and deferred income	**13,124**	12,285	**97**	675
	57,677	50,440	**8,784**	1,959

15 Creditors: amounts falling due after more than one year

	Group 1 January 2012 £'000	Group 2 January 2011 £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Bank loans (secured)	**128,306**	127,735	**77,501**	77,343
Other loans	**2,800**	32,800	-	30,000
Amounts owed to group undertakings	**29,981**	-	**29,980**	-
Obligations under finance lease and hire purchase contracts	**585**	1,031	-	-
	161,672	161,566	**107,481**	107,343

15 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt

	Loans and overdrafts 1 January 2012 £'000	Loans and overdrafts 2 January 2011 £'000	Finance leases 1 January 2012 £'000	Finance leases 2 January 2011 £'000
In one year or less, or on demand	**11,934**	23,210	**1,804**	603
In more than one year but not more than two years	**128,306**	-	**424**	795
In more than two years but not more than five years	**-**	127,735	**161**	236
In more than five years	**2,800**	32,800	**-**	-
	131,106	160,535	**585**	1,031

On 13 January 2012, following the acquisition of the group by the Yucaipa group of companies, the group's Bank loans (£143,693,000), Other loans (£7,860,000) and Shareholder loan notes (£30,000,000) that were previously within the group, were repaid through the injection of equity funding, new acquisition debt from Lloyds (£71 2m) and Yucaipa loans ($34 7m) As a result the Group has reduced its net debt from £186 9m to £93 2m, which provides the newly formed group with a solid capital structure for our future expansion plans As part of the new acquisition loan from Lloyds, the group has a £10m capex facility available for draw down

16 Provisions for liabilities

Group

	Deferred taxation £'000
At 3 January 2011	500
Credited to profit and loss account (note 7)	(251)
At 1 January 2012	**249**

Deferred taxation

	Group 1 January 2012 £'000	Group 2 January 2011 £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Accelerated capital allowances	**249**	547	-	-
Sundry timing differences	-	(47)	-	-
	249	500	-	-

17 Share capital

	1 January 2012 £	2 January 2011 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1

18 Reserves

Group

	Profit and loss account £'000
At 3 January 2011	(18,145)
Translation differences on foreign currency net investments in subsidiary undertakings	123
Loss for the period	(9,966)
At 1 January 2012	**(27,988)**

Company

	Profit and loss account £'000
At 3 January 2011	(9,963)
Loss for the period	(7,437)
At 1 January 2012	**(17,400)**

19 Reconciliation of movements in shareholders' deficit

	Group 1 January 2012 £'000	Group 2 January 2011 £'000	Company 1 January 2012 £'000	Company 2 January 2011 £'000
Loss for the period	**(9,966)**	(6,639)	**(7,437)**	(2,584)
Other net recognised gains and losses relating to the period	**123**	(784)	**-**	-
Net deductions from shareholders' deficit	**(9,843)**	(7,423)	**(7,437)**	(2,584)
Opening shareholders' deficit	**(18,145)**	(10,722)	**(9,963)**	(7,379)
Closing shareholders' deficit	**(27,988)**	(18,145)	**(17,400)**	(9,963)

20 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 1 January 2012 £'000	Land and buildings 2 January 2011 £'000
Operating leases which expire		
In two to five years	**1,086**	678
After five years	**12,960**	11,518
	14,046	12,196

21 Related party disclosures

As at 1 January 2012 an amount of £20,030 (2 January 2011 - £20,030) was owed by Abertarff Limited to SHG Acquisition UK Limited

Shareholder loan notes were held by two of the directors of the company, R A Caring and N K A Jones who each held £24,000,000 and £2,675,000 respectively K Young, the wife of N K A Jones, held loan notes of £3,325,000 These subordinated loan notes were non interest bearing and unsecured and repayable in 2028 On 19 December 2011, K Young transferred her loan notes to N K A Jones On 19 December 2011 R A Caring and N K A Jones assigned their respective loan notes to Abertarff Limited

R A Caring and N K A Jones also hold other loans of £6,160,000 and £1,700,000 respectively These other loans are non interest bearing and unsecured

£1,400,000 of each of their loans were repayable on 16 October 2014 The remaining £4,760,000 and £300,000 respectively is repayable on demand

All shareholder loans and other loans were repaid on 13 January 2012 See note 15

22 Ultimate parent company and parent undertaking of larger group

The immediate and ultimate holding company of SHG Acquisition (UK) Limited at 1 January 2012 was Abertarff Limited, a Jersey registered company

At 1 January 2012, the ultimate controlling party was R A Caring as he had significant influence over the control of the group

On 13 January 2012, Abertarff Limited was acquired by BN AcquireCo Limited, a Jersey registered company, which became the group's immediate parent company

Following the acquisition, the group's ultimate parent company became BN TopCo Limited, a Jersey registered company and the group's ultimate controlling party became R Burkle as he had significant influence over the control of the group

23 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	52 weeks ended 1 January 2012 £'000	**40 weeks ended 2 January 2011 £'000**
Operating profit/(loss)	**1,510**	(2,049)
Amortisation of intangible fixed assets	**3,228**	2,401
Depreciation of tangible fixed assets	**13,009**	7,678
Profit on sale of tangible fixed assets	**(6)**	-
Increase in stocks	**(143)**	(1,579)
Decrease/(increase) in debtors	**832**	(930)
Increase in creditors	**2,995**	6,666
Net cash inflow from operating activities	**21,425**	12,187

24 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 1 January 2012 £'000	40 weeks ended 2 January 2011 £'000
Decrease in cash	**(3,629)**	(369)
Cash inflow/(outflow) from changes in debt	**325**	(13,173)
Movement in net debt resulting from cash flows	**(3,304)**	(13,542)
Inception of finance leases	**(2,017)**	(1,634)
Other non cash changes in net debt	**(720)**	(4,367)
Shareholders loans - acquired	**-**	(2,800)
Movement in net debt	**(6,041)**	(22,343)
Opening net debt	**(180,906)**	(158,563)
Closing net debt	**(186,947)**	(180,906)

25 Analysis of net debt

	At 3 January 2011 £'000	Cash flow £'000	Inception of finance leases £'000	Other non-cash items £'000	At 1 January 2012 £'000
Cash at bank and in hand	4,603	(734)	-	-	**3,869**
Bank overdrafts	(3,979)	(2,895)	-	-	**(6,874)**
		(3,629)			
Debt due within one year	(19,361)	(949)	-	(137)	**(20,447)**
Debt due after one year	(160,535)	-	-	(571)	**(161,106)**
Finance leases	(1,634)	1,274	(2,017)	(12)	**(2,389)**
		325			
Total	(180,906)	(3,304)	(2,017)	(720)	**(186,947)**

Other non cash changes relate to foreign exchange differences on retranslation of US Dollar denominated loans held in overseas companies

Post year end the group's bank loans and other loans were repaid See note 15

26 Post balance sheet events

On 13 January 2012, Abertarff Limited, the group's immediate and ultimate parent undertaking, was acquired by the Yucaipa group of companies, which has become the majority shareholder of the Soho House Group

On 13 January 2012, following the acquisition of the group by the Yucaipa group of companies, the group's Bank loans (£143,693,000), Other loans (£7,860,000) and Shareholder loan notes (£30,000,000) that were previously within the group, were repaid through the injection of equity funding, new acquisition debt from Lloyds (£71 2m) and Yucaipa loans ($34 7m) As a result the Group has reduced its net debt from £186 9m to £93 2m, which provides the newly formed group with a solid capital structure for our future expansion plans As part of the new acquisition loan from Lloyds, the group has a £10m capex facility available for draw down

In April 2012, Yucaipa's shareholder loan was refinanced in the US, with a $40m term loan from UBS

The acquisition provides for future capital for substantial international expansion of the Soho House brand New openings are planned for Mumbai, Istanbul, Toronto, Barcelona and Chicago by the end of 2014, with a number of other sites under active consideration