Registered number: 06395943

SHG ACQUISITION (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 3 JANUARY 2021

SHG ACQUISITION (UK) LIMITED

CONTENTS

SHG ACQUISITION (UK) LIMITED

COMPANY INFORMATION

Directors	N K A Jones A R Carnie
Registered number	06395943
Registered office	180 The Strand London United Kingdom WC2R 1EA
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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

Principal activity

The principal activity of SHG Acquisition (UK) Limited ("the Company") is that of an investment holding company.

Business review

The statement of comprehensive income is set out on page 9 and shows the loss for the period.

Going concern

These financial statements have been prepared on the going concern basis, taking into account the Group's, of which the Company is a subsidiary of and which takes account of the inter-relationship the Company has with the group too, forecasts and projections of anticipated trading performance, which reflect management's judgements in estimating the probability, timing and value of underlying cash flows (which include consideration of the impact of the global coronavirus (COVID-19) pandemic) and that the company's new parent, Membership Collective Group Inc, has confirmed that it will continue to provide such financial support as the company requires for its continued operations and so it can continue trading for a period of at least 12 months from the date of approval of these financial statements. Refer to "Going Concern" in note 2 to the financial statements for further detail which forms part of this report by cross reference.

Subsequent events

Note 13 forms part of this report by cross reference.

S172 Statement

Engaging and building trust with key stakeholders that interact with, or are impacting by, our business is key to delivering our strategy and ensuring our success over the long term. Strategic decisions impacting our stakeholders are discussed during the Company's board meetings.

As the Company is a holding company our key stakeholder groups are limited to engaging financing and investment activities between the parent and subsidiary undertakings. Management will act decisively pending the trading and regulatory environment. For the period ended 3 January 2021, no new financing activities were required, and all intercompany debt was adequately serviced.

The flow of information to staff is 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.

Key performance indicators

In line with our operating objectives we use 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 directors consider the overall position of net assets/(liabilities) including and excluding intercompany balances and the profit or loss on ordinary activities before taxation to be key performance indicators. The overall position of net liabilities for this year is £142.8m (2019: £108.2m). The loss for the year on ordinary activities before taxation has increased to £36.0m (2019: loss £28.4m) due to foreign exchange revaluations. Management is taking actions to reduce exposure (see Foreign exchange risk) for further information.

Principal risks and uncertainties

The Company regularly assesses whether any potential risks exist and take appropriate mitigating action. Currently the directors consider the principal risks and uncertainties facing the Company to be as follows:

Liquidity risk

To ensure sufficient funds are available for on-going operations and future developments, the Company use both short and long term debt finance from another group Company.

Credit risk

The Company's principal monetary assets are receivables from other group companies, and the Company's credit risk is primarily attributable to these receivables.

The Company maintains cash and cash equivalents with major financial institutions. The Group's cash and cash equivalents consist of bank deposits held with banks that, at times, exceed government insured limits. The Company limits its credit risk by dealing with counterparties that are considered to be of high credit quality.

Foreign exchange risk

As a result of the significant investment in operations in Europe and Asia, the Company's balance sheet and profit and loss has been significantly affected by movements in the Euro/sterling and HKD/sterling exchange rates. The Company minimises its exposure to investments in foreign currencies where possible by aligning the currencies of liabilities and assets.

Interest rate risk

Interest bearing assets and liabilities are held at a variable rate, which is linked to LIBOR. This exposure is not hedged as the directors do not consider it to be cost effective.

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

NKA Jones.

N K A Jones
Director

Date: 18/02/2022

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

Directors

The directors who served during the 53 weeks were:

R A Caring (resigned 2 December 2021)
N K A Jones
P McPhee (resigned 9 November 2020)
A R Carnie (appointed 9 November 2020)

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 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.

Matters covered in the strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

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.

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

NKA Jones.

N K A Jones
Director

Date: 18/02/2022

Opinion on the financial statements

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 loss for the 53 weeks 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 SHG Acquisition (UK) Limited ("the Company") for the 53 weeks ended 3 January 2021 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 the Directors' report for the 53 weeks for which the financial statements are prepared is consistent with the financial statements; and

• the Strategic report and the Directors' report has 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 or the Directors' report.

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

• adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

• the 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

• We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:

o Enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and o Obtaining an understanding of the legal and regulatory framework in which the Company operates and considered the significant laws and regulations to be accounting standards.

• We have responded to risks identified by performing procedures including the following:

o Enquiry of in-house management and external legal counsel concerning actual and potential litigation and claims;
o Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud;
o Reading the minutes of meetings of those charged with governance; and
o Review of financial statements disclosures and testing to supporting documentation.

• We have also considered the risk of fraud through management override of controls by:

o Testing on a sample basis the appropriateness of journal entries and other adjustments; and
o Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

• We have also considered the risk of fraud through inappropriate or incorrect recognition of revenue by:

o Obtaining an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.

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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Iain Henderson
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Iain Henderson (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory auditor
London, UK

Date: 18/02/2022

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

SHG ACQUISITION (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 53 WEEKS ENDED 3 JANUARY 2021

	Note	**53 weeks ended 3 January 2021 £**	52 weeks ended 29 December 2019 £
Administrative expenses		**(4,446,328)**	(1,060,741)
Operating loss	3	**(4,446,328)**	(1,060,741)
Interest receivable and similar income	4	**74,174**	20,172
Interest payable and similar charges	5	**(31,618,906)**	(27,336,386)
Loss on ordinary activities before taxation		**(35,991,060)**	(28,376,955)
Taxation on loss on ordinary activities	6	**-**	-
Loss and total comprehensive loss for the financial period		**(35,991,060)**	(28,376,955)

	53 weeks ended 3 January 2021 £	52 weeks ended 29 December 2019 £
Adjusted EBITDA *	**(7,434)**	13,156
Foreign exchange	**(4,438,894)**	(1,073,897)
Operating loss	**(4,446,328)**	(1,060,741)

* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and foreign exchange.

REGISTERED NUMBER:06395943

SHG ACQUISITION (UK) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 3 JANUARY 2021

	Note		3 January 2021 £		29 December 2019 £
Fixed assets					
Investments	7		**101,321,247**		101,321,247
Current assets					
Debtors: amounts falling due within one year	8	**319,752,545**		204,040,636	
Cash at bank and in hand		**18,322,517**		10,607,744	
		338,075,062		214,648,380	
Creditors: amounts falling due within one year	9	**(62,710,164)**		(75,568,069)	
Net current assets			**275,364,898**		139,080,311
Total assets less current liabilities			**376,686,145**		240,401,558
Creditors: amounts falling due after more than one year	10		**(519,492,374)**		(348,616,727)
Net liabilities			**(142,806,229)**		(108,215,169)
Capital and reserves					
Called up share capital	11		**3**		3
Share premium account			**40,618,782**		40,618,782
Capital contribution			**6,083,562**		4,683,562
Profit and loss account			**(189,508,576)**		(153,517,516)
Shareholders' deficit			**(142,806,229)**		(108,215,169)

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

NKA Jones.

N K A Jones
Director

Date: 18/02/2022

The notes on pages 12 to 24 form part of these financial statements.

SHG ACQUISITION (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEKS ENDED 3 JANUARY 2021

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total deficit
	£	£	£	£	£
At 31 December 2018	**3**	**40,618,782**	**4,683,562**	**(125,140,561)**	**(79,838,214)**
Comprehensive income for the period					
Loss for the period	-	-	-	**(28,376,955)**	**(28,376,955)**
At 30 December 2019	**3**	**40,618,782**	**4,683,562**	**(153,517,516)**	**(108,215,169)**
Comprehensive income for the period					
Loss for the period	-	-	-	**(35,991,060)**	**(35,991,060)**
Contributions by and distributions to owners					
Additional capital paid in	-	-	**1,400,000**	-	**1,400,000**
At 3 January 2021	**3**	**40,618,782**	**6,083,562**	**(189,508,576)**	**(142,806,229)**

The notes on pages 12 to 24 form part of these financial statements.

1. General information

SHG Acquisition (UK) Limited is a Private Limited Company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic report.

The financial statements are presented in Sterling (£). Monetary amounts in the financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 judgment in applying the Company's accounting policies.

These financial statements are prepared on a going concern basis, under the historical cost convention and are in accordance with the applicable accounting standards.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
• 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 11.39 to 11.48A;
• the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
• the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Soho House Holdings Limited, incorporated in Jersey, which was the ultimate parent company as at 3 January 2021 and these financial statements may be obtained from the website of the new ultimate parent company (Membership Collective Group) on S1-Form:
https://www.membershipcollectivegroup.com/financials/sec-filings/default.aspx.

Following the Initial Public Offering of Membership Collective Group in July 2021, the ultimate parent company became the Membership Collective Group. See note 13 for further details.

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on the going concern basis, taking into account the group's, of which the company is a subsidiary of and which takes account of the inter-relationship the company has with the group too, forecasts and projections of anticipated trading performance, which reflect management's judgements in estimating the probability, timing and value of underlying cash flows and that the company's parent, Membership Collective Group Inc, has confirmed that it will continue to provide such financial support as the company requires for its continued operations and so it can continue trading for a period of at least 12 months from the date of approval of these financial statements. However, given the relationship between the company and its parent, it is reliant not only on its parent's support but on the parent and thus the Group (of which the company is a subsidiary) maintaining sufficient working capital to support its activities.

In considering the global coronavirus (COVID-19) pandemic, the resultant global economic uncertainties and impact on the group, the Global Group, of which the company is a part of, have undertaken an assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of these financial statements. The Global Group Cash flow forecasts have been prepared based on a range of scenarios including, but not limited to, no further debt or equity funding, the timing of a full re-opening of our Houses staggered and/or deferred to the end of the calendar year, cost reductions, both limited and extensive, and a combination of these different scenarios. We have assessed the sensitivity analysis on cash flows, and in order to finance these cash flow forecasts, furthermore the Global Group has completed a series of positive financing events during 2021, including issuance of new senior secured notes in an aggregate amount equal to $295 million, €62 million ($73 million) and £53 million ($73 million), issuance of $175 million of senior convertible preference shares, and completion of our IPO for net proceeds of $402 million after deducting underwriting discounts and other offering costs (including net proceeds from the partial exercise of the overallotment option). The senior secured notes include an option for the Company to issue additional notes in an aggregate amount of up to $100 million on or prior to March 31, 2022. The proceeds from the senior secured notes and senior convertible preference shares have been used to repay the Group amounts outstanding under the Permira Senior Facility and the US government-backed bank loan. The proceeds from the IPO were used to repay the outstanding principal balance of the Groups revolving credit facility of $98 million, which remains in place as a source of additional liquidity if required, and to pay the redemption price of outstanding redeemable preferred shares, with the remainder to be used for general corporate purposes, including working capital needs.

We believe that the completed working capital events, projected cash flows and the actions available to management to further control expenditure, as necessary, provide the Company with sufficient working capital (including cash and cash equivalents) to achieve its plans to recover from the impact of the pandemic, subject to the following key factors:

• the continued re-opening of Houses in a manner that is compliant with local laws and regulations, including the relaxing of mandatory capacity constraints, as well as anticipated demand;

• the level of in-House sales activity (primarily sales of food and beverage) that, even after opening, may be subject to reduced capacity as a result of any on-going restrictions;

• the continued high level of membership retention and renewals (which has been evidenced throughout the pandemic); and

• the implementation of cost reduction measures that aligned with the anticipated levels of capacity.

While the impact of lockdowns and other restrictions may re-occur beyond current expectations and impact the Company's ability to keep open Houses and return to a level of operation consistent with pre COVID-19 within the timeframes assumed in management's detailed cash flow forecasts, we believe that the Company has sufficient financial resources together with an established and cash generative business model, and access to capital.

2. Accounting policies (continued)

Going concern (continued)

There is, however, a risk that the Group will be further impacted by continued social distancing restrictions impacting the revenues but the Directors have identified cost savings associated with the reduction in revenue and have the ability to identify further cost savings if necessary too. Furthermore, based on the available cash as a result of the completed financing events discussed above, and the plans that have been put in place to re-open houses in a cost-controlled manner, and that the Group's ultimate parent and controlling party has committed to provide continued financial support, which is deem as enforceable and committed commitment and that the support will be forthcoming should it be required, the directors believe that the Global Group will be able to operate within its existing facilities and meet their obligations, and liabilities, as they fall due.

Taking account of the above, including our parent company's recent refinancing, noted above, and letter of support from our ultimate parent, which the company's directors also deem is an enforceable and committed commitment and that the support will be forthcoming should it be required, the Directors confirm that they have reasonable expectation that the company will have adequate resources to continue in operational existence for the next 12 months from approval of these financial statements and accordingly these financial statements are prepared on a going concern basis.

2.4 Investments

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

2.5 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.

2.6 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted

2. Accounting policies (continued)

by the period end and that are expected to apply to the reversal of the timing difference.

2.7 Consolidated financial statements

The financial statements contain information about SHG Acquisition (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by Section 401 of the Companies Act 2006 not to produce consolidated financial statements.

2.8 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.

2.9 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.10 Foreign currency

The company's functional and presentation currency is the pound sterling.

Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Any differences are taken to the profit and loss account.

2. Accounting policies (continued)

2.11 Reserves

Called-up share capital represents the nominal value of shares that have been issued.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Loans or monies forgiven by the companies shareholders to the company are not credited to the company's profit and loss account, but are credited to a special reserve ("Capital Contribution Reserve").

Profit and loss account includes all current and prior period retained profits and losses.

3. Operating loss

The operating loss is stated after charging:

	53 weeks ended 3 January 2021	52 weeks ended 29 December 2019
	£	£
Foreign exchange	**4,438,894**	1,073,897

The audit fee was borne by Soho House UK Limited, a subsidiary company.

4. Interest receivable

	53 weeks ended 3 January 2021	52 weeks ended 29 December 2019
	£	£
Bank interest receivable	**74,174**	20,172
	74,174	20,172

5. Interest payable and similar expenses

	53 weeks ended 3 January 2021 £	52 weeks ended 29 December 2019 £
Interest payable to Group companies	**28,475,008**	25,108,807
Bank loans and overdrafts	**2,134,330**	1,468,879
Amortisation of loan arrangement fees relating to facilities and non-utilisation fees	**1,009,568**	758,700
	31,618,906	27,336,386

6. Taxation

	53 weeks ended 3 January 2021 £	52 weeks ended 29 December 2019 £
Total current tax	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

6. Taxation (continued)

Factors affecting tax charge for the period

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

	53 weeks ended 3 January 2021 £	52 weeks ended 29 December 2019 £
Loss on ordinary activities before tax	**(35,991,060)**	(28,376,955)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(6,838,301)**	(5,391,621)
Effects of:		
Expenses not deductible for tax purposes	**5,994,912**	5,191,816
Group relief	**-**	204,040
Losses not recognised	**843,389**	(4,235)
Total tax charge for the period	**-**	-

There are estimated tax losses of £30,028,809 (29 December 2019 - £25,589,915) available for use.

No deferred tax asset has been recognised in respect of the carried forward losses due to uncertainty around recoverability.

7. Fixed asset investments

	Investments in subsidiary undertakings £	**Capital contributions £**	**Total £**
Cost			
At 30 December 2019	**96,637,685**	**4,683,562**	**101,321,247**
At 3 January 2021	**96,637,685**	**4,683,562**	**101,321,247**

7. Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the Company has an interest at the period end are as follows:

Subsidiary undertakings	Country of incorporation or registration	Nature of business	Proportion of voting rights and ordinary share capital
Soho House Limited	England	Leisure	100%
Soho House UK Limited	England	Leisure	100%*
Soho House Properties Limited	England	Property investment	100%*
Cowshed Products Limited	England	Cosmetics	100%*
NBJ Leisure Limited	England	Non-trading	100%*
Soho House Berlin GmbH	Germany	Leisure	100%*
Soho House Paris S.A.S	France	Leisure	100%*
Soho House Rome S.r.l	Italy	Non-trading	100%*
Soho House Toronto Limited	England	Holding company	100%*
Cheeky Nails Limited	England	Dormant	100%*
Barber & Parlour Limited	England	Non-trading	100%*
Soho Townhouse Limited	England	Non-trading	100%*
Soho House CWH Limited	England	Leisure	100%*
Soho House (Management Services) Limited	England	Dormant	100%*
Soho House Toronto ULC	Canada	Holding company	100%*
Cowshed, LLC	USA	Beauty	100%*
Soho House Hong Kong Limited	Jersey	Holding company	100%*
Soho Home Limited	England	Retail	100%*
In House Design and Build Limited	England	Construction	100%*
HTN F&B Limited	England	Dormant	100%*
Soho House Amsterdam B.V.	Netherlands	Restaurant operator	100%*
Sunshine AcquireCo Limited	England	Holding company	100%*
Sunshine Mykonos Limited	Jersey	Holding company	100%*
Sunshine Future Projects Limited	Jersey	Holding company	75%*
Paraga Beach SA	Greece	Leisure	67%*
Q Hellas PC	Greece	Leisure	75%*
OMO SA (disposed after the period end)	Greece	Leisure	71.26%*

Joint ventures and associated undertakings:

Soho Works Limited	England	Co-working	100%*
Soho House Toronto Partnership	Canada	Leisure	50%*
Raycliff Red LLP	England	Property company	50%*
Raycliff Shoreditch Holdings LLP	England	Holding company	50%*
Mimea XXI S.L	Spain	Holding company	50%*
Mirador Barcel S.L	Spain	Property company	50%*
Soho House - Sydell LLP	UK	Holding company	50%*
Soho Works North America JV	USA	JV	50%*
Soho Works 875 Washington Inc	USA	Co-working	50%*
Soho Works 10 Jay Dumbo Inc	USA	Co-working	50%*
Soho Works 55 Water Inc	USA	Co-working	50%*
SBHC Limited	USA	Leisure	20%*

7. Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments (continued)

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

* Represents indirect shareholding

The registered office of subsidiary and joint venture undertakings is 180 Strand, London, WC2R 1EA, other than as listed below.

The principal office of Mimea XX1 S.L. and Mirador Barcel S.L. is Plaza del Duque de Medinaceli, 4, 08002 Barcelona, Spain
The principal office of Soho House Berlin GmbH is Torstraße 1, 10119 Berlin, Germany
The principal office of Raycliff Red LLP is 44 Southampton Buildings, London, WC2A 1AP
The principal office of Soho House Rome Srl is Via Giacomo Leopardi 7, 20123 Milan
The principal office of Dutch undertakings is Herengracht 255, 1016 BJ Amsterdam, Netherlands
The principal office of Soho House Toronto Partnership is 192 Adelaide St W, Toronto, ON M5H 0A4, Canada
The principal office of the Greek undertakings is Paraga Beach, 84600 Mykonos, Greece
The principal office of the Jersey undertakings is 44, Esplanade, St Helier, Jersey, JE4 9WG
The principal office of the French undertakings is 23 Rue Du Roule 75001 Paris, France
The principal office of the American undertakings is 111 8th Avenue, Suite M8, New York, NY 10011, USA

8. Debtors

	3 January 2021 £	Restated 29 December 2019 £
Trade debtors	-	186
Amounts owed by group undertakings	**279,593,186**	202,015,122
Amounts owed by parent undertakings	**40,129,953**	1,943,692
Prepayments and accrued income	**29,406**	81,636
	319,752,545	204,040,636

The amounts owed by related undertakings in the prior year have been reclassified to amounts owed by group undertakings.

In respect of "Amounts owed by group undertakings" receivable within one year, while the company has received confirmation as to the recoverability of the balance, to the extent the counter parties are unable to do so, the company does not intent to recall the amounts due, within one year. Furthermore, the company has received confirmation from its Ultimate Parent that settlement of "Amounts owed by group undertakings" will be permitted, should the counter parties not be to repay as per the terms of repayment, to be netted against its "Amounts owed to group undertakings" (see Note 9 and 10) balances.

9. Creditors: Amounts falling due within one year

	3 January 2021 £	Restated 29 December 2019 £
Bank loans	**59,738,378**	37,942,475
Trade creditors	**10,141**	688,969
Amounts owed to group undertakings	**2,424,871**	194,929
Amounts owed to parent undertakings	**-**	36,606,026
Accruals and deferred income	**536,774**	135,670
	62,710,164	75,568,069

The amounts owed to related undertakings in the prior year have been reclassified to amounts owed to group undertakings.

The amounts owed to group entities have been classified as current, as there is no right to defer payment for more than 12 months. However, the company has received an undertaking that they will not have to repay the monies owed for a period of at least 12 months.

10. Creditors: Amounts falling due after more than one year

	3 January 2021 £	29 December 2019 £
Amounts owed to parent undertakings	**519,492,374**	348,445,889
Amounts owed to group undertakings	**-**	170,838
	519,492,374	348,616,727

The parent company does not intend to recall the amounts owed by the company within one year. There is a support arrangement in place.

11. Share capital

	3 January 2021 £	29 December 2019 £
Allotted, called up and fully paid		
3 (2019 - 3) Ordinary shares of £1.00 each	**3**	3

12. Ultimate parent company and parent undertaking of larger group

At 3 January 2021, the company's ultimate parent company was Soho House Holdings Limited, a Jersey registered company. Please refer to Note 13 for a change in the ultimate parent company subsequent to the period end.

The immediate parent company at 3 January 2021 was Abertarff Limited, a Jersey registered company.

At 3 January 2021, the company is controlled by R Burkle through his control of the Yucaipa Group of companies, which have a majority shareholding in the group.

The smallest and largest group in which the results of the company are consolidated is that headed by Soho House Holdings Limited, incorporated in Jersey, which was the ultimate parent company as at 3 January 2021 and these financial statements may be obtained from the website of the new ultimate parent company (Membership Collective Group) on S1-Form:
https://www.membershipcollectivegroup.com/financials/sec-filings/default.aspx

13. Subsequent events

As at 3 January 2021 and prior to 19 July 2021, the ultimate parent company of the Company was Soho House Holdings Limited. After 19 July, and following the completion of the Initial Public Offering of Membership Collective Group Inc on the New York Stock Exchange, the ultimate parent company of the Company became Membership Collective Group Inc.

Initial Public Offering

On July 19, 2021, the Group, of which the company is a subsidiary of, completed the IPO of Class A of our common stock pursuant to a Registration Statement on Form S-1 (File No. 333-257206).

Senior Secured Notes and Senior Preference Shares Issuance

On March 31, 2021, Soho House Bond Limited, a wholly-owned subsidiary of the ultimate Parent Company, issued pursuant to a Notes Purchase Agreement senior secured notes, which were subscribed for by certain funds managed, sponsored or advised by Goldman Sachs & Co. LLC or its affiliates, in aggregate amounts equal to $295 million, €62 million ($73 million) and £53 million ($73 million) (the "Initial Notes"). The Notes Purchase Agreement includes an option to issue, and a commitment on the part of the purchasers to subscribe for, further notes in one or several issuances on or prior to March 31, 2022 in an aggregate amount of up to $100 million (the "Additional Notes" and, together with the Initial Notes, the "Notes"). The Notes mature on March 31, 2027 and bear interest at a fixed rate equal to a cash margin of 2.0192% per annum for the Initial Notes or 2.125% per annum for any Additional Notes, plus a payment-in-kind (capitalized) margin of 6.1572% per annum for the Initial Notes or 6.375% per annum for any Additional Notes. The Notes issued pursuant to the Notes Purchase Agreement may be redeemed and prepaid for cash, in whole or in part, at any time in accordance with the terms thereof, subject to payment of redemption fees. The Notes are guaranteed and secured on substantially the same basis as the parent company's existing revolving credit facility. Soho House Bond Limited, incurred transaction costs of $9 million related to the Notes. On March 31, 2021, Soho House Holdings Limited(the "ultimate parent") issued 12,970,766 senior convertible preference shares (the "Senior Preference Shares") in an aggregate liquidation preference of $175 million, or approximately $13.49 per Senior Preference Share (the "Issuance Price"), to certain funds managed, sponsored or advised by Goldman Sachs & Co. LLC or its affiliates (the "Preference Share Investors"). In addition, the Preference Share Investors granted the ultimate parent company the right to purchase, at the discretion of the ultimate parent company at any time up to six months effective from March 31, 2021, 5,558,900 Senior Preference Shares in an aggregate liquidation preference of $75 million. The Senior Preference Shares rank senior in right of payment and priority to all other classes of shares of the ultimate parent company and junior in right of payment to all classes of indebtedness of the ultimate parent company. The Senior Preference Shares accrue a non-cash dividend of 8% per annum on the investment amount of the Senior Preference Shares plus all previously compounded non-cash dividends. Holders of the Senior Preference Shares are able to automatically convert the shares into ordinary shares upon the completion of an initial public offering at a discount to the price of publicly offered shares. The Soho House Bond Limited incurred transaction costs of $13 million related to the Senior Preference Shares. The net proceeds from the Initial Notes and the Senior Preference Shares were used to repay all amounts outstanding under the Permira Senior Facility and the US government-backed bank loan. The remaining amounts will be used for general corporate purposes. Another group company has also drawn an additional £10 million ($14 million) on its existing revolving credit facility to fund its working capital and made an additional drawdown of €2 million ($2 million) on a loan that is financing the build-out costs and capital expenditures related to Soho House Paris, which has opened in 2021. In May 2021, the senior secured loan notes were listed on The International Stock Exchange.