

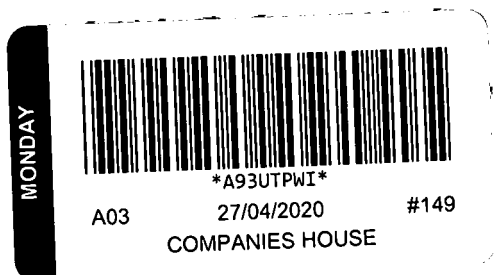
## **Marks Club (Charles Street) Limited**

Annual Report and Financial Statements

52 Weeks Ended

29 December 2019

Company Number 00836906



# Marks Club (Charles Street) Limited

## Company Information

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<b>Directors</b>	R A Caring N R J Cowley V Homan L Newell C J Robinson
<b>Company secretary</b>	C J Robinson
<b>Registered number</b>	00836906
<b>Registered office</b>	26-28 Conway Street London W1T 6BQ
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Marks Club (Charles Street) Limited

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# Marks Club (Charles Street) Limited

## Directors' Report For the 52 Weeks Ended 29 December 2019

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The directors present their report together with the financial statements for the 52 weeks ended 29 December 2019.

### Principal activity

The principal activity of the company is the ownership and operation of a proprietary club "Mark's Club".

### Results and dividends

The loss for the period, after taxation, amounted to £172,685 (30 December 2018 - £229,075).

The directors do not recommend the payment of a dividend (30 December 2018 - £Nil).

### Directors

The directors who served during the period were:

R A Caring  
N R J Cowley  
V Homan  
J W S Lawrence (resigned 4 October 2019)  
L Newell  
C J Robinson (appointed 4 October 2019)

### Going concern

The company is a subsidiary of MBH Group (UK) Limited and is subject to a financing facility with cross guarantees over all group entities. Consequently, the cashflow forecasts of the group as a whole are relevant in the assessment of going concern. The Group has had to temporarily shut all of its clubs for an unspecified amount of time. The directors have modelled the impact on the group assuming the clubs remain closed for 6 months with only a partial return to the original budget for the year. These projections also incorporate mitigating actions the company and Group has taken to reduce costs, including delaying planned capital expenditure and reducing variable costs, as well as incorporating government support initiatives, including a 12 month business rates waiver, short term working capital loan finance and the furloughing of the majority of its workforce.

The Group is fortunate to benefit from the strong support of its bankers and its significant shareholder and the Group's main facility is due to be extended for an additional year in March 2021, which has been agreed verbally but not yet formally. The significant shareholder has indicated that he would be willing to support the Group should cash funding be required that wasn't available through increasing existing or negotiated facilities with the Group's bank. Therefore, the expectation of the Directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months.

It is, however, difficult to estimate how the COVID-19 outbreak will impact the Group's trading and for how long, and the Directors consider this as the key uncertainty over which they have no control. In the event clubs were closed for longer than the forecast scenarios, the refinancing was not agreed or the short term government support for employee costs and tax payment deferrals is not available as forecast then the company would need to seek alternative financial support from its main shareholder, and whilst there are no binding commitments, Mr RA Caring has historically been extremely supportive. Given the associated uncertainty within this forecast a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

# Marks Club (Charles Street) Limited

## Directors' Report (continued) For the 52 Weeks Ended 29 December 2019

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### Disclosure of information to auditor

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

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

### Auditor

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 3 April 2020 and signed on its behalf.



**C J Robinson**  
Director

# **Marks Club (Charles Street) Limited**

## **Directors' Responsibilities Statement For the 52 Weeks Ended 29 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# **Marks Club (Charles Street) Limited**

## **Independent Auditor's Report to the Members of Marks Club (Charles Street) Limited**

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### **Opinion**

We have audited the financial statements of Marks Club (Charles Street) Limited ("the Company") for the 52 week period ended 29 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2019 and of its 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure in note 2.3 to the financial statements concerning the Company's ability to continue as a going concern.

The Company is a subsidiary of MBH Group (UK) Limited and is subject to a financing facility with cross guarantees over all group entities. Consequently, the cashflow forecasts of the group as a whole are relevant in the assessment of going concern. The directors have considered the impact of the recent COVID-19 outbreak as part of the Group's and Company's going concern analysis.

The directors have modelled the impact of reduced sales and also mitigating actions available to the Group to reduce costs. The projections also incorporate a number of government support initiatives recently announced and assume the company will agree an extension to its existing loans owing to the exceptional circumstances. This analysis indicates the company has adequate resources to continue in operational existence for a period of 12 months following the signing of the financial statements. However in the event club closures were for longer than modelled, the refinancing was not agreed or the short term government working capital support are not available as forecasted then the company would need to seek alternative financial support.

Owing to the uncertainty as to how the COVID-19 outbreak may impact upon the Group's projected cashflows a material uncertainty exists that may cast significant doubt on the Group's and therefore the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

# **Marks Club (Charles Street) Limited**

## **Independent Auditor's Report to the Members of Marks Club (Charles Street) Limited (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.



# Marks Club (Charles Street) Limited

## Independent Auditor's Report to the Members of Marks Club (Charles Street) Limited (continued)

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### Responsibilities of Directors

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

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

### 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.

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

### Use of our report

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



**Mark R A Edwards** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

3 April 2020

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

# Marks Club (Charles Street) Limited

## Statement of Comprehensive Income For the 52 Weeks Ended 29 December 2019

	Note	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Turnover	4	3,261,696	3,090,431
Cost of sales		(515,179)	(521,608)
<b>Gross profit</b>		<b>2,746,517</b>	<b>2,568,823</b>
Administrative expenses		(2,938,236)	(2,837,598)
<b>Adjusted EBITDA*</b>		<b>478,398</b>	<b>329,711</b>
Depreciation	11	(599,306)	(598,239)
Amortisation	10	(248)	(247)
Exceptional items	5	(70,563)	-
<b>Operating loss</b>	6	<b>(191,719)</b>	<b>(268,775)</b>
Tax on loss	9	19,034	39,700
<b>Loss profit after taxation and total comprehensive income for the period</b>		<b>(172,685)</b>	<b>(229,075)</b>

There was no other comprehensive income for the 52 weeks ended 29 December 2019 (52 weeks ended 30 December 2018 - £Nil).

The notes on pages 10 to 25 form part of these financial statements.

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

**Marks Club (Charles Street) Limited**  
Registered number: 00836906

**Statement of Financial Position**  
**As at 29 December 2019**

	Note	29 December 2019 £	29 December 2019 £	30 December 2018 £	30 December 2018 £
<b>Fixed assets</b>					
Intangible assets	10		172		420
Tangible assets	11		696,797		1,154,629
			<u>696,969</u>		<u>1,155,049</u>
<b>Current assets</b>					
Stocks	12	214,182		153,256	
Debtors: amounts falling due within one year	13	2,487,751		2,643,640	
Cash at bank and in hand		479,946		414,200	
		<u>3,181,879</u>		<u>3,211,096</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(2,812,158)		(3,103,550)	
<b>Net current assets</b>			<u>369,721</u>		<u>107,546</u>
<b>Total assets less current liabilities</b>			<u>1,066,690</u>		<u>1,262,595</u>
Creditors: amounts falling due after more than one year	15		(92,432)		(115,652)
<b>Net assets</b>			<u><u>974,258</u></u>		<u><u>1,146,943</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		280,000		280,000
Profit and loss account	18		694,258		866,943
<b>Total equity</b>			<u><u>974,258</u></u>		<u><u>1,146,943</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 April 2020.



**C J Robinson**  
Director

The notes on pages 10 to 25 form part of these financial statements.

## Marks Club (Charles Street) Limited

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

	Called up share capital £	Profit and loss account £	Total equity £
At 31 December 2018	280,000	866,943	1,146,943
<b>Comprehensive income for the period</b>			
Loss for the period	-	(172,685)	(172,685)
<b>Total comprehensive income for the period</b>	-	(172,685)	(172,685)
<b>At 29 December 2019</b>	<b>280,000</b>	<b>694,258</b>	<b>974,258</b>

### Statement of Changes in Equity For the 52 Weeks Ended 30 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	280,000	1,096,018	1,376,018
<b>Comprehensive income for the period</b>			
Loss for the period	-	(229,075)	(229,075)
<b>Total comprehensive income for the period</b>	-	(229,075)	(229,075)
<b>At 30 December 2018</b>	<b>280,000</b>	<b>866,943</b>	<b>1,146,943</b>

The notes on pages 10 to 25 form part of these financial statements.

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 1. General information

Marks Club (Charles Street) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities are set out in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MBH Group (UK) Limited as at 29 December 2019 and these financial statements may be obtained from the registered office.

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The company is a subsidiary of MBH Group (UK) Limited and is subject to a financing facility with cross guarantees over all group entities. Consequently, the cashflow forecasts of the group as a whole are relevant in the assessment of going concern. The group has experienced significant growth over recent years and the directors prepare detailed cash-flow projections on an ongoing basis to monitor and manage their growth plans. In any reasonable scenario the group has sufficient cash to meet its liabilities as they fall due. The impact of the recent Covid-19 pandemic has, however, required an update to the group's going concern analysis and this has been considered by modelling the impact on the group's cashflow for the 12 months to 31 March 2021.

The group has had to temporarily shut all of its clubs for an unspecified amount of time. The directors have modelled the impact on the group assuming the clubs remain closed for 6 months with only a partial return to the original budget for the year. These projections also incorporate mitigating actions the company and group has taken to reduce costs, including delaying planned capital expenditure and reducing variable costs, as well as incorporating government support initiatives, including a 12 month business rates waiver, short term working capital loan finance and the furloughing of the majority of its workforce.

The group is fortunate to benefit from the strong support of its bankers and its significant shareholder and the group's main facility is due to be extended for an additional year in March 2021, which has been agreed verbally but not yet formally. The significant shareholder has indicated that he would be willing to support the group should cash funding be required that wasn't available through increasing existing or negotiated facilities with the Group's bank. Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months.

It is, however, difficult to estimate how the COVID-19 outbreak will impact the group's trading and for how long, and the directors consider this as the key uncertainty over which they have no control. In the event clubs were closed for longer than the forecast scenarios, the refinancing was not agreed or the short term government support for employee costs and tax payment deferrals is not available as forecast then the company would need to seek alternative financial support from its main shareholder, and whilst there are no binding commitments, Mr RA Caring has historically been extremely supportive. Given the associated uncertainty within this forecast a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

#### 2.4 Turnover

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

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

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

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

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 2. Accounting policies (continued)

#### 2.5 Intangible assets

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

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

The estimated useful lives range as follows:

Trademarks	-	5	years
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#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

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

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

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

Works of art are not depreciated.

#### 2.7 Stocks

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

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

#### 2.8 Debtors

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

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 2. Accounting policies (continued)

#### 2.9 Cash and cash equivalents

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

#### 2.10 Financial instruments

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

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

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

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

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

#### 2.11 Creditors

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



# **Marks Club (Charles Street) Limited**

## **Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019**

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### **2. Accounting policies (continued)**

#### **2.12 Operating leases: the company as lessee**

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

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

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 29 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### **2.13 Pensions**

##### **Defined contribution pension plan**

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

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

#### **2.14 Holiday pay accrual**

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

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 2. Accounting policies (continued)

#### 2.15 Current and deferred taxation

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

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

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

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

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

#### 2.16 Exceptional items

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

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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

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

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Covid-19 has been assessed as a non-adjusting post balance sheet event and consequently, has not been considered in reviewing the useful economic lives nor carrying value of fixed assets as at the balance sheet date.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

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

### 4. Turnover

All turnover arose within the United Kingdom.

### 5. Exceptional items

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Redundancy	70,563	-

The redundancy costs of £70,563 relates to the termination of employment of staff members.

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 6. Operating loss

The operating loss is stated after charging:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Depreciation of tangible fixed assets	599,306	598,239
Amortisation of other intangible fixed assets	248	247
Hire of plant and machinery - operating leases	5,603	5,110
Hire of other assets - operating leases	206,356	264,679
Fees payable to the company's auditor for the audit of the company's annual financial statements	9,000	5,451
	<u>599,306</u>	<u>598,239</u>

### 7. Employees

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

	52 weeks ended 29 December 2019 No.	52 weeks ended 30 December 2018 No.
Catering and administration	38	40
Directors	5	5
	<u>43</u>	<u>45</u>

### 8. Directors' remuneration

No director received any emoluments during the current period (30 December 2018 - £Nil).

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 9. Taxation

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
<b>Corporation tax</b>		
Current tax on loss for the period	16,011	2,388
Adjustments in respect of previous periods	737	603
Group tax relief	16,011	10,066
<b>Total current tax</b>	<b>32,759</b>	<b>13,057</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(51,793)	(49,661)
Adjustments in respect of prior periods	-	(3,096)
<b>Total deferred tax</b>	<b>(51,793)</b>	<b>(52,757)</b>
<b>Taxation on loss on ordinary activities</b>	<b>(19,034)</b>	<b>(39,700)</b>

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 9. Taxation (continued)

#### Factors affecting tax credit for the period

The tax assessed for the period is higher than (30 December 2018 - higher than) the standard rate of corporation tax in the UK of 19% (30 December 2018 - 19%). The differences are explained below:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Loss on ordinary activities before tax	<b>(191,719)</b>	(268,775)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30 December 2018 - 19%)	<b>(36,427)</b>	(51,067)
<b>Effects of:</b>		
Fixed asset differences	<b>10,444</b>	8,014
Adjustment in respect of prior periods (current)	<b>737</b>	603
Adjustments in respect of prior periods (deferred tax)	-	(3,096)
Tax rate differences	<b>6,212</b>	5,842
Group relief surrendered	<b>(16,011)</b>	(10,066)
Receipt for group relief	<b>16,011</b>	10,066
Expenses not deductible for tax purposes	-	4
<b>Total tax charge for the period</b>	<b>(19,034)</b>	(39,700)

#### Factors that may affect future tax charges

The closing deferred tax asset has been calculated at 17% in accordance with the rates enacted at the balance sheet date.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 10. Intangible assets

	Trademarks £
<b>Cost</b>	
At 31 December 2018	1,676
At 29 December 2019	1,676
<b>Amortisation</b>	
At 31 December 2018	1,256
Charge for the period	248
At 29 December 2019	1,504
<b>Net book value</b>	
At 29 December 2019	172
At 30 December 2018	420

## Marks Club (Charles Street) Limited

### Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

#### 11. Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Furniture, fixtures and fittings £	Total £
<b>Cost</b>				
At 31 December 2018	1,778,368	324,348	1,405,503	3,508,219
Additions	918	36,537	104,019	141,474
At 29 December 2019	<u>1,779,286</u>	<u>360,885</u>	<u>1,509,522</u>	<u>3,649,693</u>
<b>Depreciation</b>				
At 31 December 2018	1,083,752	286,029	983,809	2,353,590
Charge for the period	304,888	18,248	276,170	599,306
At 29 December 2019	<u>1,388,640</u>	<u>304,277</u>	<u>1,259,979</u>	<u>2,952,896</u>
<b>Net book value</b>				
At 29 December 2019	<u>390,646</u>	<u>56,608</u>	<u>249,543</u>	<u>696,797</u>
At 30 December 2018	<u>694,616</u>	<u>38,319</u>	<u>421,694</u>	<u>1,154,629</u>

Included in leasehold property are certain works of art which are not depreciated. The directors consider that the open market value of these works of art is significantly in excess of the net book value of £240,800.

#### 12. Stocks

	29 December 2019 £	30 December 2018 £
Raw materials and consumables	<u>214,182</u>	<u>153,256</u>

Stock recognised in cost of sales as an expense during the period was £435,133 (30 December 2018 - £453,111).

An impairment loss of £Nil (30 December 2018 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

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



# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 13. Debtors

	29 December 2019 £	30 December 2018 £
Trade debtors	204,308	163,072
Amounts owed by group undertakings	2,121,154	2,374,684
Other debtors	297	-
Prepayments and accrued income	85,346	74,598
Corporation tax recoverable	-	6,433
Deferred taxation (note 16)	76,646	24,853
	<u>2,487,751</u>	<u>2,643,640</u>

The impairment loss recognised in the Statement of Comprehensive Income in respect of bad and doubtful debtors was £55,969 (30 December 2018 - £6,086).

Amounts owed by group undertakings include amounts of £92,432 (30 December 2018 - £115,652) due after more than one year. All other amounts shown under debtors fall due for payment within one year.

### 14. Creditors: amounts falling due within one year

	29 December 2019 £	30 December 2018 £
Trade creditors	301,735	162,838
Amounts owed to group undertakings	973,235	1,615,951
Amounts owed to related parties	17,731	9,039
Corporation tax	9,627	-
Other taxation and social security	217,574	201,835
Other creditors	90,480	17,267
Accruals and deferred income	1,201,776	1,096,620
	<u>2,812,158</u>	<u>3,103,550</u>

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

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 15. Creditors: amounts falling due after more than one year

	29 December 2019 £	30 December 2018 £
Deferred income	<u>92,432</u>	<u>115,652</u>

Deferred income includes amounts of £14,770 (30 December 2018 - £30,793) due more than five years from the Statement of Financial Position date.

### 16. Deferred taxation

	29 December 2019 £
At beginning of period	24,853
Credited to profit or loss	51,793
At end of period	<u>76,646</u>

The deferred tax asset is made up as follows:

	29 December 2019 £	30 December 2018 £
Capital allowance differences	72,941	21,700
Short term timing differences	3,705	3,153
	<u>76,646</u>	<u>24,853</u>

### 17. Share capital

	29 December 2019 £	30 December 2018 £
Allotted, called up and fully paid 280,000 ordinary shares of £1 each	<u>280,000</u>	<u>280,000</u>

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

### 18. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

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

#### Profit and loss account

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

### 19. Contingent liabilities

On 21 January 2019, the MBH Group (UK) Limited group, of which the company is a subsidiary, entered into a new Revolving Credit Facility Agreement with HSBC Bank PLC. This facility is secured over the assets of the group and related parties. At 29 December 2019, the total amount outstanding under group loan facilities was £49.2m.

### 20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £19,190 (30 December 2018 - £12,414). Contributions amounting to £8,292 (30 December 2018 - £5,046) were payable to the fund and are included in creditors.

### 21. Commitments under operating leases

At 29 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2019 £	30 December 2018 £
Not later than 1 year	250,000	140,000
Later than 1 year and not later than 5 years	1,000,000	67,123
Later than 5 years	2,622,603	-
	<u>3,872,603</u>	<u>207,123</u>

# Marks Club (Charles Street) Limited

## Notes to the Financial Statements For the 52 Weeks Ended 29 December 2019

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### 22. Related party transactions

The companies noted below are related by virtue of common control by R Caring.

At 29 December 2019, the company owed £9,256 (30 December 2018 - £9,039) to Caprice Holdings Limited. This loan balance is not interest-bearing.

At 29 December 2019, the company owed £651,484 (30 December 2018 - £654,773) to George (Mount Street) Limited, a subsidiary of MBH Group (UK) Limited, which is included within amounts owed to group undertakings. This loan balance is not interest-bearing.

At 29 December 2019, the company owed £2,607 (30 December 2018 - £276,688) to Harry's Bar Limited, a subsidiary of MBH Group (UK) Limited, which is included within amounts owed by group undertakings. This loan balance is not interest-bearing.

At 29 December 2019, the company owed £7,572 (30 December 2018 - £Nil) to Friday (London) Ltd, a company under common control, which is included within amounts owed to related parties. This loan balance is not interest-bearing.

At 29 December 2019, the company owed £903 (30 December 2018 - £Nil) to Makino Limited, the company's ultimate parent company, which is included within amounts owed to related parties. This loan balance is not interest-bearing.

### 23. Ultimate parent company and parent undertaking of larger group

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

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