

Registered number: 09265599

BARBER AND PARLOUR LIMITED
UNAUDITED ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE 53 WEEKS ENDED 3 JANUARY 2021

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BARBER AND PARLOUR LIMITED

CONTENTS

| | Page |
|--|--------------|
| Company Information | 1 |
| Directors' Report | 2 |
| Statement of Financial Position | 3 |
| Notes to the Financial Statements | 4 - 9 |

BARBER AND PARLOUR LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | N K A Jones A R Carnie (appointed 9 November 2020) |
| Registered number | 09265599 |
| Registered office | 180 The Strand London United Kingdom WC2R 1EA |

BARBER AND PARLOUR LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 3 JANUARY 2021

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

Results

The company has not traded during the current and preceding period and accordingly no profit and loss account has been prepared.

Directors

The directors who served during the period were:

N K A Jones
A R Carnie (appointed 9 November 2020)
P McPhee (resigned 9 November 2020)

Small companies exemptions

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 and signed on its behalf:



N K A Jones
Director

Date: 17 December 2021

BARBER AND PARLOUR LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 3 JANUARY 2021**

| | Note | 2021 £ | 2019 £ |
|--|------|------------------|------------------|
| Creditors: amounts falling due within one year | 3 | (364,770) | (364,770) |
| Net current liabilities | | (364,770) | (364,770) |
| Total assets less current liabilities | | (364,770) | (364,770) |
| Net liabilities | | (364,770) | (364,770) |
| Capital and reserves | | | |
| Called up share capital | 4 | 1 | 1 |
| Profit and loss account | | (364,771) | (364,771) |
| Shareholders' deficit | | (364,770) | (364,770) |

The company did not trade during the current and preceding period and accordingly no profit and loss account has been prepared. The company has not received any income or incurred any expense or recognised any other gains or losses during the current period.

For the 53 weeks ended 3 January 2021 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

Members have not required the Company to obtain an audit for the 53 weeks in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 by:

N K A Jones
N K A Jones
Director

Date: 17 December 2021

The notes on pages 4 to 9 form part of these financial statements.

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

1. General information

Barber and Parlour Limited is a Private Limited Company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page.

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.

2.2 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.

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

2. Accounting policies (continued)

Going concern (continued)

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.

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 deemed 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.

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

2. Accounting policies (continued)

2.3 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 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.

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

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.

3. Creditors: Amounts falling due within one year

| | 2021 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 364,770 | 364,770 |
| | <u>364,770</u> | <u>364,770</u> |

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

4. Share capital

| | 2021 £ | 2019 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 (2020 - 1) Ordinary share of £1.00 | <u>1</u> | <u>1</u> |

5. Related party disclosures

The company is a wholly owned subsidiary of Soho House Holdings Limited and has taken advantage of the exemption conferred by FRS102 'Related party disclosures' not to disclose transactions with Soho House Holdings Limited or other wholly owned subsidiaries within the group.

6. 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 7 for a change in the ultimate parent company subsequent to the period end.

The immediate parent company at 3 January 2021 was Soho House Limited, a UK 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 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>.

BARBER AND PARLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JANUARY 2021

7. 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 19 July 2021, the Group, of which the company is a subsidiary of, completed its Initial Public Offering.

Senior Secured Notes and Senior Preference Shares Issuance

On 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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. The ultimate parent 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 is expected to open in 2021. In May 2021, the Company listed the senior secured loan notes on The International Stock Exchange.