

Partnership Registration No. OC411321 (England and Wales)

37-41 MORTIMER STREET LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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37-41 MORTIMER STREET LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	Averssen Limited CH Capital A Holdings LLC
Members	AR & V Investments Limited CJ O'Shea and Company Limited Daisybox Limited Galliard Holdings Limited
Partnership number	OC411321
Registered office	33 Davies Street London United Kingdom W1K 4LR
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

37-41 MORTIMER STREET LLP

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37-41 MORTIMER STREET LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The members present their report and financial statements for the year ended 31 December 2018.

Incorporation

37-41 Mortimer Street LLP (the "Partnership" or "LLP") was incorporated on 14 April 2016.

Principal activities

The principal activity of the Partnership is that of property investment, development and operating a work, hospitality and lifestyle co-operative for private members.

Going concern

The members' have considered going concern of the Group and Partnership in the preparation of these accounts.

The Group has net current liabilities of £21,732,603 (2017: net current assets £906,115) and net assets of £12,817,124 (2017: £15,037,221). The Partnership has net current assets of £22,149,083 (2017: £22,354,991) and net assets of £19,334,885 (2017: £19, 855,494). The Group has cash at bank and in hand of £1,997,976 (2017: £1, 395,298). The Partnership has cash at bank and in hand of £51,338 (2017: £1,015,806).

After considering the Group and Partnership's forecast cash requirements and applying appropriate sensitives to the cash flow projections and maturity of the liabilities, the members' consider it appropriate that the going concern basis be adopted in preparing the Group's financial statements.

Members' drawings, contributions and repayments

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Designated members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Averssen Limited
CH Capital A Holdings LLC

Members

The members who held office during the period and up to date of signature of the financial statements were as follows:

AR & V Investments Limited
CJ O'Shea and Company Limited
Daisybox Limited
Galliard Holdings Limited

Auditor

Ernst & Young LLP were appointed as auditor to the limited liability partnership and in accordance with section 485 of the Companies Act 2006. A resolution proposing that they be re-appointed will be put at a General Meeting.

37-41 MORTIMER STREET LLP

MEMBERS' REPORT (CONTINUED)

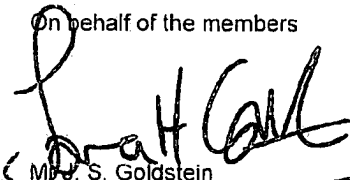
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as each member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Partnership's auditor is unaware. Having made enquiries of fellow members and the group's auditor, each member has taken all the steps that they are obliged to have taken as members in order to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

The financial statements have been prepared in accordance with the provisions applicable to limited liability partnership subject to the small limited liability partnership regime of the Companies Act 2006.

On behalf of the members



Mr. S. Goldstein
Director
CH Capital A Holdings LLC
Designated Member

11 OCT 2019

37-41 MORTIMER STREET LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members 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 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 37-41 MORTIMER STREET LLP

Opinion

We have audited the consolidated financial statements of 37-41 Mortimer Street LLP for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, Group and Partnership Statement of Financial Position, Group and Partnership Statement of changes in equity and the related notes 1 to 18 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.'

In our opinion the financial statements:

- give a true and fair view of the state of the group's and partnership's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 below. We are independent of the limited liability partnership 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Members' report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information

Our opinion on the financial statements does not cover the other information and 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 the other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF 37-41 MORTIMER STREET LLP

Other information (Continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

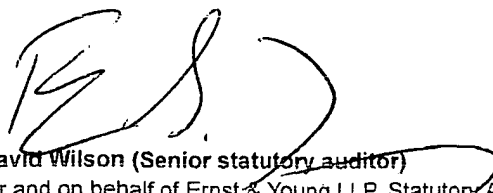
Auditor's responsibilities for the audit of the financial statements

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.


David Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

14 OCT 2019

37-41 MORTIMER STREET LLP

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		31 December 2018	31 December 2017
	Notes	£	£
Turnover	4	4,401,962	204,538
Cost of sales		(683,898)	(95,937)
Gross profit		3,718,064	108,601
Administrative expenses		(4,179,550)	(2,341,915)
Operating profit/(loss)	3	(461,486)	(2,233,314)
Interest payable and similar expenses	7	(1,165,018)	(126,210)
Impairment losses	6	(593,593)	(2,296,714)
Loss before taxation		(2,220,097)	(4,656,238)
Taxation	8	-	-
Loss after taxation		(2,220,097)	(4,656,238)
Loss available for discretionary division among members		(2,220,097)	(4,656,238)
Total comprehensive profit/(loss) for the year		(2,220,097)	(4,656,238)

All amounts relate to continuing operations.

37-41 MORTIMER STREET LLP

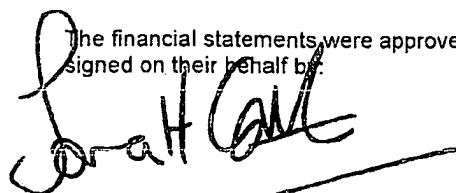
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	9	57,430	68,381
Tangible Assets	10	37,353,502	37,853,313
		<u>37,410,932</u>	<u>37,921,694</u>
Current assets			
Stocks	12	34,360	51,272
Debtors	13	242,380	887,288
Cash at bank and in hand		1,997,976	1,395,298
		<u>2,274,716</u>	<u>2,333,858</u>
Creditors: amounts falling due within one year	14	<u>(24,007,319)</u>	<u>(1,427,743)</u>
Net current (liabilities)/assets		<u>(21,732,603)</u>	<u>906,115</u>
Total assets less current liabilities		<u>15,678,329</u>	<u>38,827,809</u>
Creditors: amounts falling due after more than one year	15	<u>(2,861,205)</u>	<u>(23,790,588)</u>
Net assets attributable to members		<u><u>12,817,124</u></u>	<u><u>15,037,221</u></u>
Represented by:			
Members' other interests			
Members' capital		20,250,000	20,250,000
Other reserves		(7,432,876)	(5,212,779)
		<u>12,817,124</u>	<u>15,037,221</u>

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnership regime of the Companies Act 2006.

The financial statements were approved by the members and authorised for issue on 11 October 2019 and are signed on their behalf by:



Mr J. S. Goldstein
Director
CH Capital A Holdings LLC
Designated member
Limited Liability Partnership Registration No. OC411321

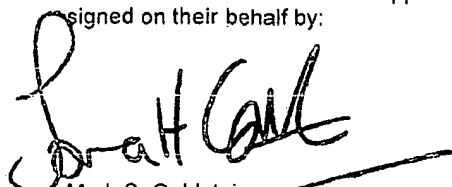
37-41 MORTIMER STREET LLP

PARTNERSHIP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	11		503		503
Current assets					
Debtors	13	22,354,965		21,538,324	
Cash at bank and in hand		51,338		1,015,806	
		22,406,303		22,554,130	
Creditors: amounts falling due within one year	14	(257,220)		(199,139)	
Net current assets		22,149,083		22,354,991	
Total assets less current liabilities		22,149,586		22,355,494	
Creditors: amounts falling due after more than one year	15	(2,814,701)		(2,500,000)	
Net assets attributable to members		19,334,885		19,855,494	
Represented by:					
Members' other interests					
Members' capital		20,250,000		20,250,000	
Other reserves		(915,115)		(394,506)	
		19,334,885		19,855,494	

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnership regime of the Companies Act 2006.

The financial statements were approved by the members and authorised for issue on 11 October 2019 and are signed on their behalf by:



Mr J. S. Goldstein

Director

CH Capital A Holdings LLC

Designated member

Limited Liability Partnership Registration No. OC411321

37-41 MORTIMER STREET LLP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

<i>Group</i>	EQUITY		TOTAL
	Members' capital	other interests reserves	MEMBERS' INTERESTS Total
	£	£	£
Opening as at 1 January 2017	18,750,000	(556,541)	18,193,459
Total comprehensive loss for the year	-	(4,656,238)	(4,656,238)
Introduced by members (note 18)	1,500,000	-	1,500,000
At 31 December 2017	20,250,000	(5,212,779)	15,037,221
Opening as at 1 January 2018	20,250,000	(5,212,779)	15,037,221
Total comprehensive loss for the year	-	(2,220,097)	(2,220,097)
At 31 December 2018	20,250,000	(7,432,876)	12,817,124

<i>Partnership</i>	EQUITY		TOTAL
	Members' capital	Other interests reserves	MEMBERS' INTERESTS Total
	£	£	£
Opening as at 1 January 2017	18,750,000	(160,185)	18,589,815
Introduced by members (note 18)	1,500,000	-	1,500,000
Total comprehensive loss for the year	-	(234,321)	(234,321)
At 31 December 2017	20,250,000	(394,506)	19,855,494
Opening as at 1 January 2018	20,250,000	(394,506)	19,855,494
Total comprehensive loss for the year	-	(520,609)	(520,609)
At 31 December 2018	20,250,000	(915,115)	19,334,885

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Limited liability partnership information

37-41 Mortimer Street LLP is a limited liability partnership incorporated in England and Wales on 14 April 2016. The registered office is 33 Davies Street, London, W1K 4LR. The Partnership number is OC411321. The Group and Partnership financial statements were approved by the Board on behalf of the members on 11 October 2019.

The limited liability partnerships's principal activities are disclosed in the Members' Report.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in July 2014, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small limited liability partnerships regime.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention and the principal accounting policies adopted are set out below.

The Partnership has taken the exemption under section 1A.7 of FRS 102 from the requirement to prepare a statement of cash flows for the financial period.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of 37-41 Mortimer Street LLP and all its subsidiary undertakings drawn up to 31 December 2018. No Partnership statement of comprehensive income is presented for 37-41 Mortimer Street LLP as permitted by section 408 of the Companies Act 2006 (as applied by LLPs).

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Partnership. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group. All inter-company balances and transactions, including unrealised profits arising from them are eliminated.

In the parent partnership financial statements, investments in subsidiaries and associates are accounted for at cost less impairment.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.3 Going concern

The members' have considered going concern of the Group and Partnership in the preparation of these accounts.

The Group has net current liabilities of £21,732,603 (2017: net current assets £906,115) and net assets of £12,817,124 (2017: £15,037,221). The Partnership has net current assets of £22,149,083 (2017: £22,354,991) and net assets of £19,334,885 (2017: £19, 855,494). The Group has cash at bank and in hand of £1,997,976 (2017: £1, 395,298). The Partnership has cash at bank and in hand of £51,338 (2017: £1,015,806).

After considering the Group and Partnership's forecast cash requirements and applying appropriate sensitivities to the cash flow projections and maturity of the liabilities, the members' consider it appropriate that the going concern basis be adopted in preparing the Group's financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Partnership's revenues are derived from food and beverage sales, membership fee income, meeting room hire, and event income.

Food and beverage revenue

These revenues are recorded net of value added tax and tips/gratuities collected from customers and are recognised as the goods are provided.

Membership income

Membership income is paid annually in advance or monthly, and recognised on a monthly basis over the membership period. Membership joining fees relate to administration fees and are therefore recognised as revenue on commencement of membership.

Meeting room hire

Meeting room hire is paid in advance and deferred or paid at the time the meeting room hire takes place, and recognised as revenue in the period the meeting room hire takes place.

Event income

Event deposits are paid in advance and deferred and recognised in the period of the event. Event fees and associated revenue collected is recognised in the period the event takes place.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Members' participating interests

Members' participation rights are the rights of a member against the Partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the Partnership are analysed between those that are, from the Partnership's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the Partnership has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

1.6 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The useful economic lives of the intangible assets are as follows:

Trademarks - 10 years
Software - 3 years

If there are indicators that the residual value or useful life has changed since the most recent annual reporting period, previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

1.7 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Freehold Property - 50 years
Computers - 3 years
Fixtures and fittings - 2 to 5 years

Depreciation is not charged while the property is under development.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the Designated Members review the carrying amounts of the Partnership's tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Designated Members estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and are subject to insignificant risk of changes in fair value.

1.12 Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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 and are subsequently measured at amortised cost using effective interest method.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.13 Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, 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 receipts discounted at a market rate of interest and are subsequently measured at amortised costs using the effective interest method.

1.14 Taxation

The tax expense represents the sum of current tax and deferred tax incurred by subsidiary companies. The Partnership is not, itself, subject to corporation tax.

Current tax

The tax currently payable in the subsidiaries is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation in the subsidiaries is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Unrelieved tax losses and other deferred tax assets are recognised only to the extent it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The tax liability arising from the activities of the Partnership is borne personally by the members. The Partnership is therefore transparent for income and capital gains tax purposes. Profits of the Partnership are subject to income tax with each member solely responsible for tax directly on his share of the partnership profits. Losses of the Partnership are similarly allocated among members in accordance with the executed partnership agreement and relieved for tax purposes, if required, against the member's total taxable income for the tax year in which the accounting period ends and/or the previous tax year. Otherwise losses can be carried forward to be set against future shares of profit as long as the Partnership continues and the individual remains a member.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Impairment of non-financial assets

Where there are indicators of impairment of fixed assets, which indicate that the carrying value may not be recoverable, the Group performs impairment tests on these investments based on the fair value by comparing the carrying value with its recoverable amount, being the higher of its fair value, less costs to sell and its value in use.

3 Operating profit/(loss)	Group Partnership		Group Partnership	
	2018	2018	2017	2017
Operating profit/(loss) for the year is stated after charging:	£	£	£	£
Fees payable to the LLP's auditor for the audit of the LLP's financial statements	57,958	15,000	73,700	13,500
Amortisation of intangible assets	23,741	-	827	-

4 Turnover

An analysis of the Group's turnover is as follows:

	2018	2017
	£	£
Food and beverage	2,027,268	164,342
Membership fee income	1,948,910	17,161
Meeting room hire	144,578	2,600
Event income	281,206	20,435
	<u>4,401,962</u>	<u>204,538</u>

5 Employees

The average number of persons employed by the Group during the period was 68 (2017: 17). The average number of persons employed by the Partnership during the period was nil (2017: nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2018 £	2017 £
Freehold property	593,593	2,296,714

7 Interest payable and similar expenses	Group 2018	Partnership 2018	Group 2017 £	Partnership 2017 £
Interest on bank overdrafts and loans	1,165,018	268,173	126,210	46,528

8 Taxation

(a) Taxation expense on ordinary activities in corporate subsidiaries

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	Group 2018 £	Partnership 2018 £	Group 2017 £	Partnership 2017 £
Total current tax	-	-	-	-
Total tax charge	-	-	-	-
Consolidated (profit)/loss before taxation	2,220,097	-	4,656,238	-
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	421,818	-	896,326	-
Unutilised subsidiary tax losses carried forward	(421,818)	-	(848,902)	-
Losses not subject to taxation	-	-	(47,424)	-
Total tax charge for the year / period	-	-	-	-

(b) Factors that may affect future tax charges

The taxation credit on the Partnership's losses are personal assets of the members. In respect to the Partnership's subsidiary undertaking, the standard rate of corporation tax in the UK was changed from 20% to 19% from effect from 1 April 2017. The corporation tax rate will reduce to 17% from 1 April 2020. The rate changes will impact the amount of future tax payments to be made by the Company.

(c) Deferred tax

Deferred tax assets have not been recognised as it is unlikely they will be recognised against the reversal of deferred tax liabilities or other taxable profits

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9	Intangible fixed assets	Group Trademarks £	Group Software £	Group Total £	Partnership Total £	
	Cost					
	At 1 January 2018	8,267	63,180	71,447	-	
	Additions - internally developed	-	12,790	12,790	-	
	At 31 December 2018	8,267	75,970	84,237	-	
	Amortisation and impairment					
	At 1 January 2018	(1,311)	(1,755)	(3,066)	-	
	Amortisation charged for the year	(827)	(22,914)	(23,741)	-	
	At 31 December 2018	(2,138)	(24,669)	(26,807)	-	
	Carrying amount					
	At 31 December 2018	6,129	51,301	57,430	-	
	At 31 December 2017	6,956	61,425	68,381	-	
10	Tangible assets	Group Freehold property 2018 £	Group Computers 2018 £	Group Fixtures and fittings 2018 £	Group Total 2018 £	Partnership Total 2018 £
	Cost					
	At 1 January 2018	39,324,122	491,009	402,737	40,217,868	-
	Additions	517,321	12,669	300,160	830,150	-
	Disposals	-	-	(3,380)	(3,380)	-
	At 31 December 2018	39,841,443	503,678	699,517	41,044,638	-
	Depreciation and impairment					
	At 1 January 2018	(2,339,933)	(14,082)	(10,540)	(2,364,555)	-
	Depreciation charged in the year	(357,917)	(165,833)	(209,332)	(733,082)	-
	Impairment losses	(593,593)	-	-	(593,593)	-
	Disposals	-	-	94	94	-
	At 31 December 2018	(3,291,443)	(179,915)	(219,778)	(3,691,136)	-
	Carrying amount					
	At 31 December 2018	36,550,000	323,763	479,739	37,353,502	-
	At 31 December 2017	36,984,189	476,927	392,197	37,853,313	-

The Group's freehold property is Mortimer House, located at 37-41 Mortimer Street, London, W1T 3JH.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Investments	Group	Partnership	Group	Partnership
	2018	2018	2017	2017
	£	£	£	£
Investments in subsidiaries	-	503	-	503

The Partnership is a 100% shareholder in 37-41 Mortimer Opco Limited, 37-41 Mortimer GP Limited and Maslow's UK Services Limited. The Partnership is also a 99.99% shareholder in 37-41 Mortimer Unit Trust.

37-41 Mortimer Opco Limited is a company registered in England and Wales under company number 10184501 whose principle activity is to operate a work, hospitality and lifestyle cooperative for private members.

37-41 Mortimer GP Limited is a company registered in England and Wales under company number 10177529 whose principle activity is to act as a general partner of 37-41 Mortimer Limited Partnership, a limited partnership developing a property in the West End of London for commercial use.

Maslow's UK Services Limited is a company registered in England and Wales under company number 10184503 whose principle activity is to provide support and administration services.

37-41 Mortimer Unit Trust is a trust registered in Jersey whose principle activity is to participate in the indirect acquisition of UK situated real estate.

In order to assess whether an impairment of the investment carrying values of the subsidiaries was required, a comparison was made between the carrying value of the investments and the recoverable amount on an individual entity basis. The recoverable amount represents the assets' greatest value to the company in terms of the cashflows that it can generate from value in use or disposal.

12 Stocks	2018	2017
	£	£
Raw materials and consumables	34,360	51,272

The stock comprises unused stock as at 31 December 2018 which was sold post year-end in the normal course of operations.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Debtors	Group 2018	Partnership 2018	Group 2017	Partnership 2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	25,596	-	157,160	-
Amounts due from subsidiary undertakings	-	22,354,965	-	21,538,324
Other debtors	122,563	-	412,104	-
Prepayments and accrued income	94,221	-	318,024	-
	<u>242,380</u>	<u>22,354,965</u>	<u>887,288</u>	<u>21,538,324</u>

Amounts due from subsidiary undertakings relates to loans from 37-41 Mortimer Street LLP to underlying entities with respect to operating cash, which are interest-free and repayable on demand without restrictions. Accordingly this has been classified as current.

14 Creditors: amounts falling due within one year	Group 2018	Partnership 2018	Group 2017	Partnership 2017
	£	£	£	£
Bank loans	21,845,177	-	-	-
Trade creditors	638,464	45,001	977,548	-
Amounts due to group undertakings	-	170,044	-	80,044
Other taxation and social security	51,606	-	47,702	-
VAT	237,586	27,675	-	21,567
Other creditors	670,062	-	125,163	-
Accruals and deferred income	547,051	14,500	259,958	97,528
Obligations under finance leases and hire purchase agreements (note 16)	17,372	-	17,372	-
	<u>24,007,318</u>	<u>257,220</u>	<u>1,427,743</u>	<u>199,139</u>

Amounts due to group undertakings are interest-free and repayable on demand without restrictions.

On 2 July 2018, the Group's acquisition and development loan transferred to an investment facility of £21,899,927 with a maturity date of 23 June 2023. The freehold property has been pledged as security against the investment facility loan. As at 31 December 2018, the Group's loan was in breach of its interest cover covenant, therefore accordingly it has been classified as current. The interest cover covenant testing for the quarters ending December 2018 and March 2019 was waived in the Amended and Restated Facility Agreement dated 19 June 2019.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Creditors: amounts falling due after more than one year	Group 2018 £	Partnership 2018 £	Group 2017 £	Partnership 2017 £
Bank loans	-	-	21,226,711	-
Amounts due to members	2,814,701	2,814,701	2,500,000	2,500,000
Obligations under finance leases and hire purchase agreements (note 16)	46,504	-	63,876	-
	<u>2,861,205</u>	<u>2,814,701</u>	<u>23,790,588</u>	<u>2,500,000</u>

On 2 July 2018, the Group's acquisition and development loan transferred to an investment facility of £21,899,927 with a maturity date of 23 June 2023. The freehold property has been pledged as security against the investment facility loan. As at 31 December 2018, the Group's loan was in breach of its covenants, therefore accordingly it has been classified as current. The Group was in compliance with all covenants at 30 June 2019 and is expected to continue to comply with all covenants in the future.

Amounts due to members of £2.8m (2017: £2.5m) consists of a £2.5m loan facility from CH Capital A Holdings LLC and Galliard Holdings Limited, of which £0.3m relates to accrued interest. The loan matures on 25 October 2022 at an interest of 10% per annum.

16 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	17,372	17,372
In two to five years	46,504	63,876
	<u>63,876</u>	<u>81,248</u>

Finance lease payments represent rentals payable by the Company for certain fixtures and fittings. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Related party transactions

The Partnership paid support service fees of £135,000 (2017: £180,000) during the year to Cain Hoy Enterprises (UK) Limited, a subsidiary of Cain International LP, part of the group of which CH Capital A Holdings LLC is also a member. At the year end, the Partnership owed Cain Hoy Enterprises (UK) Limited £45,000 (2017: nil).

During the year the Group received £24,000 (2017: nil) from Cain International UK Services Limited, an affiliate of CH Capital A Holdings LLC, in respect of office and meeting room hire. At the year end there were no outstanding balances with Cain International UK Services Limited (2017: nil).

Under FRS 102 section 1AC.35, disclosure is not given of transactions between two or more members of a group, provided that the subsidiary which is a party to the transaction is wholly-owned by such a member.

37-41 MORTIMER STREET LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2018**

18 Ultimate parent company

The members' interests in the Partnership are as follows:

Averssen Limited, 20.8%, an entity incorporated in British Virgin Islands;
CH Capital A Holdings LLC, 45.7%, an entity incorporated in the US;
Galliard Holdings Limited, 10.7%, an entity incorporated in England and Wales;
AR & V Investments Limited, 7.6%, an entity incorporated in England and Wales;
CJ O'Shea and Company Limited, 7.6%, an entity incorporated in England and Wales;
Daisybox Limited, 7.6%, an entity incorporated in England and Wales.