

REGISTERED NUMBER: 02739808 (England and Wales)

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2019
for
WISMETTAC HARRO FOODS LIMITED**

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WISMETTAC HARRO FOODS LIMITED

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WISMETTAC HARRO FOODS LIMITED

**Company Information
for the Year Ended 31 December 2019**

DIRECTORS:

M Ichikawa
I D Hetherington
B L D Pandit
Y Sasa
H Tsujikawa

SECRETARY:

M M Stone

REGISTERED OFFICE:

Oak Point
Oakcroft Road
Chessington
Surrey
KT9 1RH

REGISTERED NUMBER:

02739808 (England and Wales)

AUDITORS:

P and Co (Partners) LLP, Statutory Auditors
Unit 13
2 Artichoke Hill
London
E1W 2DE

SOLICITORS:

3CS Corporate Solicitors
New Broad Street House
35 New Broad Street
London EC2M 1NH

WISMETTAC HARRO FOODS LIMITED

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

ACTIVITIES

The company's business is the wholesale of foodstuffs.

REVIEW OF BUSINESS

The results for the year ended 31 December 2019 are set out in the Income Statement. During the year the company made a profit after taxation of £279,925 (year ended 31 December 2018: £1,216,217).

Monthly sales have increased by 11.6% compared to the year ended 31 December 2018. There has been a decline in gross profit margin (2019: 18.4% 2018: 21.6%). Distribution expenses, which the directors regard as a key KPI, reduced from 10.2% of sales in 2018 to 10.1% in 2019. The fall in gross profit margin lead to a reduction in the operating profit from £1,648,116 for the year ended 31 December 2018 to £525,735 for the year ended 31 December 2019.

At 31 December 2019, the company's net assets are £4,873,070 (31 December 2018: £4,593,145).

The market sector that the company is principally concerned with is the supply of goods to restaurants and takeaways. The Directors are satisfied with the company increasing its sales during the year, however the trading conditions were quite difficult, with sterling being weak on the exchange markets and increasing uncertainty about the economy in general with BREXIT. In addition customer product mix changes also caused a material impact on our profitability. However the directors remain confident about the long term prospects and to be able to achieve improving results in future years.

The company invests in ensuring that it is aware of and complies with the rapidly changing regulations concerning food hygiene and safety, and has BRC accreditation for its food safety management system.

The competitive strength of the company is increased by utilising our group purchasing facility, which enables the company to find the most competitive products for supplying to its customers. The company will continue to use all its competitive strength to enable it to increase the level of business and profitability in the future.

WISMETTAC HARRO FOODS LIMITED

Strategic Report for the Year Ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts arranged through high credit-rated banking groups to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances and trade receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has contracted with an insurance company, with high credit-ratings assigned by international credit rating agencies, to mitigate the credit risk of conducting business with its customers. The Directors consider that the company has successfully reduced its credit risk as much as economically viable, and it continues to monitor its credit position and limits very closely.

Pandemic risk

Our customers can be adversely affected by a disease infecting humans, such as the recent COVID-19 pandemic. The degree of impact depends on how widespread the disease becomes, how serious its effects are, and the specific measures that the authorities take to control the situation. These measures are likely to have a large short to medium term impact on the food and restaurant sectors. The main risk is related to the pandemic within the UK, though there could also be an impact on our supply chain in other countries from where we purchase goods. There will be an impact on the business performance, but the Directors have plans in place to manage the business during this period of uncertainty.

Brexit considerations

The interim agreement after the withdraw of the UK from the European Union is due to expire on 31 December 2020 and the permanent trading arrangements afterward this date have not been agreed. We consider the largest risk is to our logistics operation. We will be able to mitigate the risk of logistical disruption in the short term. There may be an increase to the cost of international trade by the imposition of import procedures and duties. The Directors continue to monitor the Brexit discussions and will take appropriate actions to ensure customer service is not impacted and to minimise the impact on the business.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. The company's position as a part of the Nishimoto Wismettac Group means that it has access to finance facilities both internal and external to the Group.

Price risk

The company is exposed to commodity price risk, due to both market conditions and foreign exchange rate variation. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

WISMETTAC HARRO FOODS LIMITED

Strategic Report for the Year Ended 31 December 2019

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The company prepares forecasts and cash flow projections to identify the level of financial resources required for its future operations. The results are shared with the parent company, which has confirmed its continued support of the company's cash flow requirements via a signed letter of support. The company continues to have access to a combined £15m loan and overdraft facility, the security of the loan is guaranteed by the parent company.

The directors therefore have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:



M Ichikawa - Director

Date: 13/10/20

WISMETTAC HARRO FOODS LIMITED

Report of the Directors for the Year Ended 31 December 2019

The directors present their report with the financial statements of the Company for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

FUTURE DEVELOPMENTS

Information regarding future developments of the company is included in the Strategic Report.

DIRECTORS

M Ichikawa has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

M Itazu - resigned 31 December 2019

T Kanai - resigned 29 November 2019

A Kitanaka - resigned 29 November 2019

I D Hetherington - appointed 29 November 2019

B L D Pandit - appointed 29 November 2019

S Kwon - appointed 31 December 2019

Y Sasa and H Tsujikawa were appointed as directors after 31 December 2019 but prior to the date of this report.

A Kimura and S Kwon ceased to be directors after 31 December 2019 but prior to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, P and Co (Partners) LLP, Statutory Auditors, have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:



M Ichikawa - Director

Date: 13/10/20

WISMETTAC HARRO FOODS LIMITED

Statement of Directors' Responsibilities for the Year Ended 31 December 2019

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

Report of the Independent Auditors to the Members of WISMETTAC HARRO FOODS LIMITED

Opinion

We have audited the financial statements of WISMETTAC HARRO FOODS LIMITED (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 31 December 2019 and of its profit for the year 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 Auditors' 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.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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 directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of WISMETTAC HARRO FOODS LIMITED

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 Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

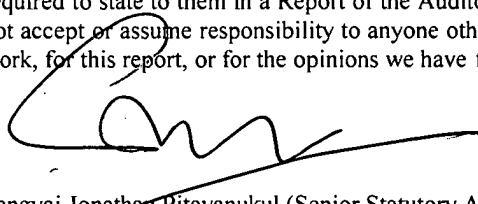
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Sangyai Jonathan Pitayanukul (Senior Statutory Auditor)
for and on behalf of P and Co (Partners) LLP, Statutory Auditors
Unit 13
2 Artichoke Hill
London
E1W 2DE

Date: 15/10/2020

WISMETTAC HARRO FOODS LIMITED

**Income Statement
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
REVENUE	4	38,320,888	34,336,039
Cost of sales		(31,269,451)	(26,908,672)
GROSS PROFIT		7,051,437	7,427,367
Distribution costs		(3,875,850)	(3,491,969)
Administrative expenses		(2,659,741)	(2,291,070)
		515,846	1,644,328
Other operating income	5	9,889	3,788
OPERATING PROFIT		525,735	1,648,116
Interest receivable and similar income		760	566
		526,495	1,648,682
Interest payable and similar expenses	7	(144,087)	(121,544)
PROFIT BEFORE TAXATION	8	382,408	1,527,138
Tax on profit	10	(102,483)	(310,921)
PROFIT FOR THE FINANCIAL YEAR		279,925	1,216,217

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED**Other Comprehensive Income
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		279,925	1,216,217
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>279,925</u>	<u>1,216,217</u>

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED (Registered number: 02739808)**Balance Sheet
31 December 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Owned			
Property, plant and equipment	11	5,990,218	6,194,470
Right-of-use			
Property, plant and equipment	11, 17	849,419	-
		<u>6,839,637</u>	<u>6,194,470</u>
CURRENT ASSETS			
Inventories	12	5,982,575	5,385,875
Debtors	13	5,330,502	4,506,311
Cash at bank and in hand		1,596,952	825,043
		<u>12,910,029</u>	<u>10,717,229</u>
CREDITORS			
Amounts falling due within one year	14	(12,746,650)	(9,760,258)
NET CURRENT ASSETS		<u>163,379</u>	<u>956,971</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,003,016</u>	<u>7,151,441</u>
CREDITORS			
Amounts falling due after more than one year	15	(2,066,425)	(2,500,000)
PROVISIONS FOR LIABILITIES	19	(63,521)	(58,296)
NET ASSETS		<u><u>4,873,070</u></u>	<u><u>4,593,145</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	600,000	600,000
Retained earnings	21	4,273,070	3,993,145
SHAREHOLDERS' FUNDS		<u><u>4,873,070</u></u>	<u><u>4,593,145</u></u>

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



.....
M Ichikawa - Director

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED**Statement of Changes in Equity
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	600,000	2,776,928	3,376,928
Changes in equity			
Total comprehensive income	-	1,216,217	1,216,217
Balance at 31 December 2018	600,000	3,993,145	4,593,145
Changes in equity			
Total comprehensive income	-	279,925	279,925
Balance at 31 December 2019	600,000	4,273,070	4,873,070

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

WISMETTAC HARRO FOODS LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The group accounts of Nishimoto Co., Ltd. are available to the public and can be obtained as set out in the note 23 for ultimate controlling party. The registered office address of the parent company preparing consolidated accounts is 15th Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022 Japan.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52 the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The directors, having assessed the responses of the directors of the Company's parent, Nishimoto Co., Ltd. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Nishimoto Wismettac group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Nishimoto Co., Ltd., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. A signed letter of support from the parent company has been obtained indicating the parent's intention to continue supporting the cashflow requirements of the entity and guaranteeing its external borrowing for a period extending 12 months from the date of signing the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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.

IFRS 15, "Revenue from Contracts with Customers" - effective for accounting periods commencing on or after 1 January 2018

IFRS15 is a new standard that introduces the following requirements:

- A five-step model is applied to determine when to recognise revenue, and at what amount.
- Revenue is recognised when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.
- Depending on whether certain criteria are met, revenue is recognised either over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer.

In the director's opinion, adoption of IFRS 15 had no material impact on the recognition, measurement or disclosures in the company's financial statements.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

<u>Class of assets</u>	<u>Depreciation method</u>	<u>Annual rate</u>
Buildings	Straight-line	3%
Fixtures and equipment	Straight-line	5% - 33%
Motor vehicles	Straight-line	14% - 20%

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their historical cost amounts, being the original purchase cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation on buildings is charged to income. Freehold land is not depreciated. On the subsequent sale or scrapping of a property, the attributable surplus or loss is recognised in income.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in the note for financial instruments.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at historical cost less any impairment.

Impairment of financial assets

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For the financial assets held by the Company objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Company's past experience of collecting payments, an increase in the number of overdue receivables in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in the note for financial instruments.

Other financial liabilities

Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately as hedge accounting is not carried out.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

IFRS 9, "Financial Instruments" (Replacement of IAS 39 - "Financial Instruments: Recognition and Measurement") - effective date 1 January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and replaces most of the guidance in IAS 39.

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

In the directors' opinion, adoption of IFRS 9 had no material impact on the recognition, measurement or disclosures in the company's financial statements.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO method. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Leases

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

As a lessee

(a) Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for cost to dismantle and remove a leased asset, restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is required and measured under IAS 37.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use assets is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

In the statement of financial position, the Company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(b) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Company classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Company. Leases which did not transfer substantially all the risks and rewards of ownership to the Company were classified as operating leases.

Where the Company acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost of the assets over the term of the relevant lease. Impairment losses were accounted for in accordance with the accounting policy. Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of change on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Company had the use of other assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Retirement benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of returned goods, and the agreed limitation on the customer's ability to require credit notes or replacement goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current period is appropriate.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available, which has been sufficient in the company's experience.

4. REVENUE

Segmental reporting

Revenue reported in the Income Statement is wholly from the sale of goods.

An analysis of the Company's revenue by geographical market is set out below.

	2019	2018
	£	£
United Kingdom	35,932,254	32,597,644
Europe	2,388,634	1,738,265
Rest of World	-	130
	<u>38,320,888</u>	<u>34,336,039</u>

Revenue from contracts with customers

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

4. REVENUE - continued

Contract balances

	2019	2018
	£	£
Debtors included in "Trade and other debtors"	<u>4,679,163</u>	<u>4,158,065</u>

5. OTHER OPERATING INCOME

	2019	2018
	£	£
Rents received	12,499	3,088
Sundry receipts / (expenses)	(2,610)	700
	<u>9,889</u>	<u>3,788</u>

6. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	3,471,991	3,120,607
Social security costs	262,390	242,578
Other pension costs	197,065	168,990
	<u>3,931,446</u>	<u>3,532,175</u>

The average number of employees including directors during the year was as follows:

	2019	2018
Administration	12	10
Sales and Distribution	88	83
	<u>100</u>	<u>93</u>

	2019	2018
	£	£
Directors' remuneration	<u>482,241</u>	<u>424,415</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>261,876</u>	<u>266,369</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	74,139	52,335
Interest expense on lease liabilities	18,910	-
Interest on group finance	51,038	69,209
	<u>144,087</u>	<u>121,544</u>

8. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2019	2018
	£	£
Cost of inventories recognised as expense	27,814,146	23,927,009
Hire of plant and machinery	23,673	34,690
Other operating leases	89,669	353,664
Depreciation - owned assets	279,114	284,694
Net foreign exchange (gains) or losses	28,929	(102,792)
(Gain) or loss on disposal of property, plant and equipment	2,610	(700)
Staff costs	3,931,446	3,532,175
Impairment of trade receivables	9,784	24,494
	<u>33,186,861</u>	<u>28,825,130</u>

9. AUDITORS' REMUNERATION

Fees payable to P and Co LLP for the audit of the Company's annual accounts were £29,000 (2018: £28,000).

10. TAXATION

Analysis of tax expense

	2019	2018
	£	£
Current tax:		
Tax	97,257	272,839
Deferred tax	5,226	38,082
Total tax expense in income statement	<u>102,483</u>	<u>310,921</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

10. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before income tax	<u>382,408</u>	<u>1,527,138</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	72,658	290,156
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	30,480	30,102
Adjustments in respect of prior years	(655)	(6,447)
Adjustments in respect of change in UK tax rate	<u>-</u>	<u>(2,890)</u>
Tax expense	<u>102,483</u>	<u>310,921</u>

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the period.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

There are no comprehensive income or expenses other than the profit for the financial period and the preceding financial year and therefore no related tax amounts

There are no amounts relating to tax that have been recognised directly in equity.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 January 2019	5,571,310	515,399	283,269	1,461,866	7,831,844
Additions	-	24,112	997,548	96,900	1,118,560
Disposals	-	(4,585)	(1,540)	-	(6,125)
Reclassification/transfer	-	2,028	-	(2,028)	-
At 31 December 2019	5,571,310	536,954	1,279,277	1,556,738	8,944,279
DEPRECIATION					
At 1 January 2019	523,701	152,602	261,163	699,908	1,637,374
Charge for year	123,223	27,327	200,986	119,045	470,581
Eliminated on disposal	-	(2,851)	(462)	-	(3,313)
At 31 December 2019	646,924	177,078	461,687	818,953	2,104,642
NET BOOK VALUE					
At 31 December 2019	4,924,386	359,876	817,590	737,785	6,839,637
At 31 December 2018	5,047,609	362,797	22,106	761,958	6,194,470

Included in cost of land and buildings is freehold land of £1,258,479 (2018 - £1,258,479) which is not depreciated.

WISMETTAC HARRO FOODS LIMITED
**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**
11. PROPERTY, PLANT AND EQUIPMENT - continued
Owned fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 January 2019	5,571,310	515,399	283,269	1,461,866	7,831,844
Additions	-	24,112	1,347	52,215	77,674
Disposals	-	(4,585)	(1,540)	-	(6,125)
Reclassification/transfer	-	2,028	-	(2,028)	-
At 31 December 2019	5,571,310	536,954	283,076	1,512,053	7,903,393
DEPRECIATION					
At 1 January 2019	523,701	152,602	261,163	699,908	1,637,374
Charge for year	123,223	27,327	13,427	115,137	279,114
Eliminated in disposal	-	(2,851)	(462)	-	(3,313)
At 31 December 2019	646,924	177,078	274,128	815,045	1,913,175
NET BOOK VALUE					
At 31 December 2019	4,924,386	359,876	8,948	697,008	5,990,218
At 31 December 2018	5,047,609	362,797	22,106	761,958	6,194,470

Right-of-use assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
Additions	-	-	996,201	44,685	1,040,886
At 31 December 2019	-	-	996,201	44,685	1,040,886
DEPRECIATION					
Charge for year	-	-	187,559	3,908	191,467
At 31 December 2019	-	-	187,559	3,908	191,467
NET BOOK VALUE					
At 31 December 2019	-	-	808,641	40,777	849,419

The Company's freehold land and buildings are stated at their historical cost amounts, being the fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Impairment losses recognised in the period

No impairment assessment was performed in 2019 (2018: none) as there was no indication of impairment.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

12. INVENTORIES

	2019	2018
	£	£
Finished goods	<u>5,982,575</u>	<u>5,385,875</u>

The cost of inventories recognised as an expense includes £150,001 (2018: £141,954) in respect of write-downs of inventory to net realisable value.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	4,639,094	4,089,483
Amounts owed by group undertakings	277,841	51,781
Other debtors	9,849	5,230
Derivative Financial Asset	-	8,771
VAT	224,998	160,161
Prepayments	178,720	190,885
	<u>5,330,502</u>	<u>4,506,311</u>

Trade receivables are stated after provisions for impairment of £20,981 (2018: £16,801).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 16)	6,700,000	4,700,000
Other loans (see note 16)	1,000,000	1,000,000
Leases (see note 17)	284,315	-
Trade creditors	3,646,677	2,986,520
Amounts owed to group undertakings	700,928	626,515
Tax	27,518	91,737
Social security and other taxes	190,232	139,095
Derivative financial instruments	-	21,113
Accrued expenses	196,980	195,278
	<u>12,746,650</u>	<u>9,760,258</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Other loans (see note 16)	1,500,000	2,500,000
Leases (see note 17)	566,425	-
	<u>2,066,425</u>	<u>2,500,000</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

16. FINANCIAL LIABILITIES - BORROWINGS

	2019 £	2018 £
Non-current:		
Parent company loans	1,500,000	2,500,000
	<u>1,500,000</u>	<u>2,500,000</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Bank loans	6,700,000	-	-	-	6,700,000
Parent company loans	1,000,000	1,500,000	-	-	2,500,000
	<u>7,700,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>9,200,000</u>

The interest rates and the date of maturity of the loans existed at the year end are as follows:

Bank loans: 1.27% - 1.28% ; 17 January 2020

Parent company loans: 1.75% ; 30 April 2021

17. LEASING

Right-of-use assets

Property, plant and equipment

	2019 £	2018 £
COST		
Additions	1,040,886	-
	<u>1,040,886</u>	<u>-</u>
DEPRECIATION		
Charge for year	191,467	-
	<u>191,467</u>	<u>-</u>
NET BOOK VALUE	<u>849,419</u>	<u>-</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

17. LEASING - continued

Other leases

	2019	2018
	£	£
Short-term and low value leases	113,342	388,353

The Company mainly leases motor vehicle for goods delivery and distribution usage and some office equipment. Leases of motor vehicle are generally ranging from 3 years to 5 years. Leases of office equipment are generally ranging from 3 years to 5 years. Lease payments are generally fixed. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. There is no option to purchase the underlying leased asset outright at the end of lease, however, the Company can extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

The total cash outflow for leases in 2019 was £300,903.

Lease liabilities

Minimum lease payments fall due as follows:

	2019	2018
	£	£
Gross obligations repayable :		
Current	284,315	-
Non-current	566,425	-
	850,740	-

Amounts realised in profit and loss

	2019	2018
	£	£
Depreciation expense on right-of-use assets	191,467	-
Interest expense on lease liabilities	18,910	-
Expense relating to short-term leases and low value assets	113,342	-
Variable lease payments not included in the measurement of the lease liability	91,847	-
	415,566	-

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. In the case of the Company, variable lease payments represent repairs and maintenance which are not recognised in the related lease liability are expensed as incurred.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

18. FINANCIAL INSTRUMENTS

Categories of financial instruments held at fair value

	2019 £	2018 £
Financial assets at fair value		
At fair value through profit or loss	-	8,771
Financial liabilities at fair value		
At fair value through profit or loss	-	(21,113)

Changes in value of financial instruments carried at fair value

Profit for the year has been arrived at after charging:

	2019 £	2018 £
Financial liabilities at fair value through profit or loss	(12,342)	(44,900)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of derivative instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Cash flow hedges

Forward foreign currency contracts

The Company enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions. Hedge accounting is not applied.

19. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	<u>63,521</u>	<u>58,296</u>
		Deferred tax
		£
Balance at 1 January 2019		58,296
Charge to Income Statement		<u>5,225</u>
Balance at 31 December 2019		<u>63,521</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

19. PROVISIONS FOR LIABILITIES - continued

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current reporting period.

	Accelerated tax depreciation £	General Provision £	Total £
At 1 January 2019	(58,296)		(58,296)
Charge to Income Statement	(5,225)		(5,225)
At 31 December 2019	<u>(63,521)</u>	<u>-</u>	<u>(63,521)</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019 £	2018 £
600,000	Ordinary shares	1	<u>600,000</u>	<u>600,000</u>

21. RESERVES

	Retained earnings £
At 1 January 2019	3,993,145
Profit for the year	279,925
At 31 December 2019	<u>4,273,070</u>

22. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	<u>6,660</u>	<u>5,040</u>

23. RELATED PARTY DISCLOSURES

During the year, the Company sold £227,078 (2018: £151,410) of goods to and purchased £84,070 (2018: £0) of goods from Comptoirs Des 3 Caps, which is 20% owned by the Company's immediate parent company, NTC Wismettac Europe B.V. At the year-end, £17,367 (2018: £22,147) was outstanding and included within debtors.

During the year, the Company purchased £18,118 (2018: £34,567) of goods from SSP Konsumguter Trade & Consult GmbH, which is 20% owned by the Company's immediate parent company, NTC Wismettac Europe B.V. The amount outstanding at 31 December 2019 was NIL (31 December 2018: NIL).

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

24. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Nishimoto Co., Ltd., a company incorporated in Japan. The parent undertaking of the smallest and largest group which includes the Company and for which group accounts are prepared is Nishimoto Co., Ltd., a company incorporated in Japan. Copies of the group financial statements of Nishimoto Co., Ltd. are available from 15th Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022 Japan. The company's immediate controlling party is NTC Wismettac B.V., a company incorporated in the Netherlands.