

Mercato Metropolitano Ltd

Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2021

DTL Advisory Limited
Chartered certified accountants
5th Floor, North Side
7/10 Chandos Street
London
W1G 9DQ

Mercato Metropolitano Ltd

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Mercato Metropolitano Ltd

Company Information

Directors	Mr Andrea Rasca Mr Andrea Iervolino Mr Julio Bruno Castellanos
Registered office	42 Newington Causeway London SE1 6DR
Accountants	DTL Advisory Limited Chartered certified accountants 5th Floor, North Side 7/10 Chandos Street London W1G 9DQ

Mercato Metropolitano Ltd

(Registration number: 07759291)

Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>5</u>	-	200,779
Investments	<u>6</u>	29,004	29,004
		<u>29,004</u>	<u>229,783</u>
Current assets			
Debtors	<u>7</u>	4,193,047	3,078,073
Cash at bank and in hand		<u>36,516</u>	<u>9,016</u>
		4,229,563	3,087,089
Creditors: Amounts falling due within one year	<u>8</u>	<u>(5,000,289)</u>	<u>(2,739,758)</u>
Net current (liabilities)/assets		<u>(770,726)</u>	<u>347,331</u>
Total assets less current liabilities		(741,722)	577,114
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(1,216,667)</u>	<u>(1,214,885)</u>
Net liabilities		<u>(1,958,389)</u>	<u>(637,771)</u>
Capital and reserves			
Called up share capital	<u>10</u>	14,618	14,618
Share premium reserve		604,491	604,491
Retained earnings		<u>(2,577,498)</u>	<u>(1,256,880)</u>
Shareholders' deficit		<u>(1,958,389)</u>	<u>(637,771)</u>

For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the Board on 10 January 2023 and signed on its behalf by:

Mercato Metropolitano Ltd
(Registration number: 07759291)
Balance Sheet as at 31 December 2021

.....
Mr Andrea Rasca
Director

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

42 Newington Causeway

London

SE1 6DR

United Kingdom

These financial statements were authorised for issue by the Board on 10 January 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Going concern

As set out in the Director's Report the Directors have reviewed the Company's future funding requirements and identified that the Company and its subsidiaries will require further funding within the next 12 months of circa £2m. The Directors anticipate that this funding, as required, will be forthcoming from the ultimate parent Company which has provided a non-binding Letter of Support. Even though the Letter of Support is not subject to a legal deed, parental support with whatever financial assistance will be necessary to ensure that the Company is able to meet its obligations as they fall due, is expected to be provided.

Should this support not be forthcoming, failure of the Company to obtain any further funding that will be required in the next 12 months may prevent the Company from being able to meet its financial obligations as they fall due. This matter indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The Directors of the Company believe the parent company will provide any further funding that may be required, in the normal operation of its business. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Grants for specific expenses such as furlough costs are credited to income in profit and loss account in the same year as the relevant expense.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10 years straight-line
Plant and machinery	7 years straight-line
Office equipment	3 years straight-line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 19 (2020 - 18).

4 Taxation

Tax charged/(credited) in the profit and loss account

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

	2021 £	2020 £
Deferred taxation		
Arising from origination and reversal of timing differences	-	(35,999)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	(1,320,618)	(712,175)
Corporation tax at standard rate	(250,917)	(135,313)
Effect of expense not deductible in determining taxable profit (tax loss)	38,148	20,802
UK deferred tax expense relating to changes in tax rates or laws	-	3,973
Deferred tax expense from unrecognised tax loss or credit	212,769	76,766
Decrease in UK and foreign current tax from adjustment for prior periods	-	(2,227)
Total tax credit	-	(35,999)

5 Tangible assets

	Long leasehold land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 January 2021	72,358	369,056	40,848	482,262
Disposals	(72,358)	(369,056)	(40,848)	(482,262)
At 31 December 2021	-	-	-	-
Depreciation				
At 1 January 2021	14,472	244,372	22,639	281,483
Eliminated on disposal	(14,472)	(244,372)	(22,639)	(281,483)
At 31 December 2021	-	-	-	-
Carrying amount				
At 31 December 2021	-	-	-	-
At 31 December 2020	57,886	124,684	18,209	200,779

Included within the net book value of land and buildings above is £Nil (2020 - £57,886) in respect of long leasehold land and buildings.

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

6 Investments

	2021 £	2020 £
Investments in subsidiaries	29,004	29,004
Subsidiaries		£
Cost or valuation		
At 1 January 2021		29,004
Provision		
Carrying amount		
At 31 December 2021		29,004
At 31 December 2020		29,004

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
MM E&C Ltd	42 Newington Causeway, London SE1 6DR United Kingdom	Ordinary	100%	100%
MM Mayfair Ltd	42 Newington Causeway, London SE1 6DR United Kingdom	Ordinary	100%	100%
MM Ilford Ltd	42 Newington Causeway, London SE1 6DR United Kingdom	Ordinary	100%	100%
MM Factory (EP) Ltd	42 Newington Causeway, London SE1 6DR United Kingdom	Ordinary	100%	100%
MM Canary Wharf Ltd	42 Newington Causeway, London SE1 6DR United Kingdom	Ordinary	100%	100%

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
MM Personnel Ltd	42 Newington Causeway, London, SE1 6DR United Kingdom	Ordinary	100%	0%
Mmercato Berlin GmbH	c/o Eversheds Sutherland (Germany) LLP, Briener Straße 12, 80333 Germany	Ordinary	100%	100%

Subsidiary undertakings

MM E&C Ltd

The principal activity of MM E&C Ltd is Hospitality.

MM Mayfair Ltd

The principal activity of MM Mayfair Ltd is Hospitality.

MM Ilford Ltd

The principal activity of MM Ilford Ltd is Hospitality.

MM Factory (EP) Ltd

The principal activity of MM Factory (EP) Ltd is Hospitality.

MM Canary Wharf Ltd

The principal activity of MM Canary Wharf Ltd is Hospitality.

MM Personnel Ltd

The principal activity of MM Personnel Ltd is Hospitality.

Mmercato Berlin GmbH

The principal activity of Mmercato Berlin GmbH is Hospitality.

7 Debtors

	Note	2021 £	2020 £
Amounts owed by related parties	<u>12</u>	3,475,644	2,936,218
Other debtors		717,403	141,855
		<u>4,193,047</u>	<u>3,078,073</u>

Amounts due from group undertakings are interest free and repayable on demand.

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

8 Creditors

Creditors: amounts falling due within one year

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>11</u>	407,174	204,204
Trade creditors		152,779	-
Amounts due to related parties	<u>12</u>	3,384,606	2,197,206
Social security and other taxes		316,468	337,966
Outstanding defined contribution pension costs		-	382
Accruals		541,318	-
Deferred income		197,944	-
		<u>5,000,289</u>	<u>2,739,758</u>

Amounts due to group undertakings are interest free and repayable on demand.

Creditors: amounts falling due after more than one year

	Note	2021 £	2020 £
Due after one year			
Loans and borrowings	<u>11</u>	<u>1,216,667</u>	<u>1,214,885</u>

9 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £7,646 (2020 - £11,224).

Contributions totalling £Nil (2020 - £382) were payable to the scheme at the end of the year and are included in creditors.

10 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.01 each	1,461,818	14,618	1,461,818	14,618

Mercato Metropolitano Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

11 Loans and borrowings

	2021	2020
	£	£
Non-current loans and borrowings		
Bank borrowings	<u>1,216,667</u>	<u>1,214,885</u>

12 Related party transactions

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

13 Parent and ultimate parent undertaking

The ultimate controlling party is Mr Andea Iervolino.

14 Post balance sheet events

There have been no material adjusting or disclosable events since the financial year end.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.