

Registration number: 07759291

Mercato Metropolitano Ltd

Annual Report and Unaudited Financial Statements

For the Year Ended 31 December 2020



Mercato Metropolitano Ltd

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Mercato Metropolitano Ltd

Company Information

| | |
|----------------------------|---|
| Director | Andrea Rasca |
| Company secretary | Letizia Cervieri |
| Registration number | 07759291 |
| Registered office | 42 Newington Causeway London SE1 6DR |
| Accountants | Ernst & Young LLP Bedford House 16 Bedford Street Belfast BT2 7DT |

Mercato Metropolitano Ltd

Balance Sheet

as at 31 December 2020

Registration number: 07759291

| | Note | 2020 £ | 2019 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 4 | 200,779 | 278,722 |
| Investments | 5 | 29,004 | 3,001 |
| | | <u>229,783</u> | <u>281,723</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 6 | 3,078,073 | 1,781,995 |
| Cash at bank and in hand | | 9,016 | 3,016 |
| | | <u>3,087,089</u> | <u>1,785,011</u> |
| Creditors: amounts falling due within one year | 7 | <u>(2,739,758)</u> | <u>(1,734,481)</u> |
| Net current assets | | <u>347,331</u> | <u>50,530</u> |
| Total assets less current liabilities | | 577,114 | 332,253 |
| Creditors: amounts falling due after more than one year | 7 | <u>(1,214,885)</u> | <u>(293,848)</u> |
| Net (liabilities)/assets | | <u>(637,771)</u> | <u>38,405</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 14,618 | 14,618 |
| Share premium reserve | | 604,491 | 604,491 |
| Profit and loss account | | <u>(1,256,880)</u> | <u>(580,704)</u> |
| Total equity | | <u>(637,771)</u> | <u>38,405</u> |

For the financial year ending 31 December 2020 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's 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 Director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 4 to 11 form an integral part of these financial statements.

Mercato Metropolitano Ltd

Balance Sheet

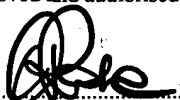
as at 31 December 2020 (continued)

Registration number: 07759291

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 and in accordance with the provisions of FRS 102 Section 1A.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 21/12/2021



Andrea Rasca
Director

The notes on pages 4 to 11 form an integral part of these financial statements.

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020

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.

2 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been presented in Pounds Sterling which is the functional currency of the Company.

The level of rounding is to the nearest Pound (£), unless otherwise stated.

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.

Group accounts not prepared

The Company qualifies as a small group. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 401 of the Companies Act 2006.

Going concern

As set out in the Director's Report, the Company's principal activity is a holding company. During the financial year ended 31 December 2020, the Company made a loss of £676,176 had net current assets of £347,331 and net liabilities of £637,771 as at 31 December 2020. The director considers the going concern basis of preparation to be appropriate for the following reasons. Subsequent to year end, the Company continued with its operations, despite the ongoing impact of the COVID-19 global pandemic. While the company has generated circa £1 million of losses during the period to 30 November 2021, this is before any Group management recharges are recorded for the 2021 year. The director has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Those forecasts are dependent on no further Government restrictions relating to the COVID-19 pandemic and continued internal risk review and mitigation. If the company faces any downturn, the ultimate responsible party has indicated its intention to continue to provide support to the Company as needed for the period covered by the forecasts. As with any Company placing reliance on other parties for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so. Consequently, the director is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently has prepared the financial statements on a going concern basis.

Related party exemption

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

Turnover

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 value added tax, returns, rebates and discounts.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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.

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

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.

Depreciation

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

| <i>Asset class</i> | <i>Depreciation method and rate</i> |
|---------------------|-------------------------------------|
| Land and buildings | 10 years straight-line |
| Plant and machinery | 7 years straight-line |
| Office equipment | 3 years straight-line |

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.

Investment in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

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.

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

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.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

3 Employees and directors

The average number of employees employed by the Company (including Directors) during the year was 18 (2019: 8).

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

4 Tangible assets

| | <i>Land and buildings £</i> | <i>Plant and machinery £</i> | <i>Office equipment £</i> | <i>Total £</i> |
|------------------------|-------------------------------------|--------------------------------------|-----------------------------------|--------------------|
| Cost | | | | |
| At 1 January 2020 | 72,358 | 369,056 | 39,399 | 480,813 |
| Additions | - | - | 1,449 | 1,449 |
| At 31 December 2020 | <u>72,358</u> | <u>369,056</u> | <u>40,848</u> | <u>482,262</u> |
| Depreciation | | | | |
| At 1 January 2020 | 7,236 | 185,074 | 9,781 | 202,091 |
| Charge for the year | <u>7,236</u> | <u>59,298</u> | <u>12,858</u> | <u>79,392</u> |
| At 31 December 2020 | <u>14,472</u> | <u>244,372</u> | <u>22,639</u> | <u>281,483</u> |
| Carrying amount | | | | |
| At 31 December 2020 | <u>57,886</u> | <u>124,684</u> | <u>18,209</u> | <u>200,779</u> |
| At 31 December 2019 | <u>65,122</u> | <u>183,982</u> | <u>29,618</u> | <u>278,722</u> |

Included within the net book value of land and buildings above is £57,866 (2019: £65,122) in respect of long leasehold land and buildings.

5 Investments

| | <i>2020 £</i> | <i>2019 £</i> |
|-----------------------------|-------------------|-------------------|
| Investments in subsidiaries | <u>29,004</u> | <u>3,001</u> |

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

5 Investments (continued)

Subsidiaries

£

Cost

| | |
|---------------------|--------|
| At 1 January 2020 | 3,001 |
| Additions | 26,003 |
| At 31 December 2020 | 29,004 |

Carrying amount

| | |
|---------------------|--------|
| At 31 December 2020 | 29,004 |
| At 31 December 2019 | 3,001 |

The company has made an additional investment of £26,003 during the year. Details of this investment include the creation of two new subsidiary entities; MM Canary Wharf Ltd and MMercato Berlin GmbH.

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

| Company | Registered office | Registered Office Address | Nature of Business | Class of Shares |
|----------------------|-------------------|---|--------------------|-----------------|
| MM E&C Ltd | United Kingdom | 42 Newington Causeway, London SE1 6DR | Hospitality | Ordinary |
| MM Mayfair Ltd | United Kingdom | 42 Newington Causeway, London SE1 6DR | Hospitality | Ordinary |
| MM Ilford Ltd | United Kingdom | 42 Newington Causeway, London SE1 6DR | Hospitality | Ordinary |
| MM Factory (EP) Ltd | United Kingdom | 42 Newington Causeway, London SE1 6DR | Hospitality | Ordinary |
| MM Canary Wharf Ltd | United Kingdom | 42 Newington Causeway, London SE1 6DR | Hospitality | Ordinary |
| Mmercato Berlin GmbH | Germany | c/o Eversheds Sutherland (Germany) LLP, Brienner Straße 12, 80333 | Hospitality | Ordinary |

*The company holds 100% of the share capital of all the subsidiary undertakings mentioned above.

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

6 Debtors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|------------------|
| Amounts due from group undertakings | 2,936,218 | 1,781,671 |
| Other debtors | 141,855 | 324 |
| | <u>3,078,073</u> | <u>1,781,995</u> |

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

7 Creditors

Amounts falling due within one year

| | 2020 £ | 2019 £ |
|-----------------------------------|------------------|------------------|
| Finance lease liability | 204,204 | 88,830 |
| Trade creditors | - | 46,728 |
| Amounts due to group undertakings | 2,197,206 | 1,439,887 |
| Social security and other taxes | 235,002 | 30,770 |
| Pension liability | 382 | 1,840 |
| VAT | 102,964 | 126,426 |
| | <u>2,739,758</u> | <u>1,734,481</u> |

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

Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|-------------------------|------------------|----------------|
| Loans and borrowings | 1,214,885 | 97,594 |
| Finance lease liability | - | 160,255 |
| Deferred tax liability | - | 35,999 |
| | <u>1,214,885</u> | <u>293,848</u> |

Mercato Metropolitano Ltd

Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

8 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 £17,816 (2019: £6,458).

Contributions totalling £382 (2019: £1,840) were payable to the scheme at the end of the year and are included in creditors.

9 Called up share capital

Allotted, called up and fully paid shares

| | 2020 | | 2019 | |
|-------------------------------|-----------|--------|-----------|--------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.01 each | 1,461,818 | 14,618 | 1,461,818 | 14,618 |

10 Related party transactions

The Company has taken advantage of the 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 its parent or wholly owned subsidiaries within the group.

11 Post balance sheet events

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

12 Ultimate controlling party

The controlling party is Andrea Rasca.