Company Registration No. 06888837 (England and Wales)

# THE ITALIAN FOOD COMPANY LIMITED

## ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENT

## FOR THE YEAR ENDED 30 APRIL 2018

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# THE ITALIAN FOOD COMPANY LIMITED

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# THE ITALIAN FOOD COMPANY LIMITED

## BALANCE SHEET

### *AS AT 30 APRIL 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 4 | | 618,565 | | 808,534 |
| **Current assets** | | | | | |
| Stocks | | 95,355 | | 96,848 | |
| Debtors | 5 | 171,546 | | 175,370 | |
| Cash at bank and in hand | | 566,141 | | 136,536 | |
| | | 833,042 | | 408,754 | |
| **Creditors: amounts falling due within one year** | 6 | (1,416,932) | | (1,247,474) | |
| **Net current liabilities** | | | (583,890) | | (838,720) |
| **Total assets less current liabilities** | | | 34,675 | | (30,186) |
| **Provisions for liabilities** | 7 | | (48,627) | | (68,415) |
| **Net liabilities** | | | (13,952) | | (98,601) |
| **Capital and reserves** | | | | | |
| Called up share capital | 8 | | 100 | | 100 |
| Profit and loss reserves | | | (14,052) | | (98,701) |
| **Total equity** | | | (13,952) | | (98,601) |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 April 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

# THE ITALIAN FOOD COMPANY LIMITED

## BALANCE SHEET (CONTINUED)

***AS AT 30 APRIL 2018***

The financial statements were approved by the board of directors and authorised for issue on 24 January 2019 and are signed on its behalf by:

M Marzouk
**Director**

**Company Registration No. 06888837**

### 1 Accounting policies

**Company information**

The Italian Food Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Robert Street Hub, 12-14 Robert Street, Manchester, M3 1EY.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Turnover

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

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

### 1.4 Tangible fixed assets

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

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

| | |
|---|---|
| Fixtures, fittings & equipment | 4 and 3 years straight line |
| Motor vehicles | 5 years straight line |

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

### 1.5 Impairment of fixed assets

At each reporting date an assessment is made for impairment. Any excess of the carrying amount of fixed assets over their fair value is recognised as an impairment loss in the profit and loss account.

**1 Accounting policies** **(Continued)**

**1.6 Stocks**

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

**1.7 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

**1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1 Accounting policies** **(Continued)**

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

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

**1.11 Employee benefits**

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

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

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

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 69 (2017 - 71).

**3 Taxation**

| | **2018** | **2017** |
|---|---|---|
| | **£** | **£** |
| **Current tax** | | |
| UK corporation tax on profits for the current period | 43,176 | - |
| Adjustments in respect of prior periods | (977) | (28,431) |
| Total current tax | 42,199 | (28,431) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (19,788) | 32,070 |
| Total tax charge | 22,411 | 3,639 |

## 4 Tangible fixed assets

| | Fixtures, fittings & equipment | Motor vehicles | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 May 2017 | 1,631,115 | 92,233 | 1,723,348 |
| Additions | 54,785 | - | 54,785 |
| At 30 April 2018 | 1,685,900 | 92,233 | 1,778,133 |
| **Depreciation and impairment** | | | |
| At 1 May 2017 | 898,655 | 16,159 | 914,814 |
| Depreciation charged in the year | 226,307 | 18,447 | 244,754 |
| At 30 April 2018 | 1,124,962 | 34,606 | 1,159,568 |
| **Carrying amount** | | | |
| At 30 April 2018 | 560,938 | 57,627 | 618,565 |
| At 30 April 2017 | 732,460 | 76,074 | 808,534 |

## 5 Debtors

| | 2018 | 2017 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 3,220 | - |
| Corporation tax recoverable | 28,772 | 27,494 |
| Other debtors | 9,850 | 1,100 |
| Prepayments and accrued income | 129,704 | 146,776 |
| | 171,546 | 175,370 |

## 6 Creditors: amounts falling due within one year

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Trade creditors | 277,818 | 355,830 |
| Corporation tax | 43,176 | - |
| Other taxation and social security | 141,219 | 173,763 |
| Other creditors | 873,995 | 644,799 |
| Accruals and deferred income | 80,724 | 73,082 |
| | 1,416,932 | 1,247,474 |

### 7 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2018 | Liabilities 2017 |
|---|---|---|
| **Balances:** | **£** | **£** |
| Accelerated capital allowances | 48,627 | 68,415 |

| | 2018 |
|---|---|
| **Movements in the year:** | **£** |
| Liability at 1 May 2017 | 68,415 |
| Credit to profit or loss | (19,788) |
| Liability at 30 April 2018 | 48,627 |

### 8 Called up share capital

| | 2018 | 2017 |
|---|---|---|
| | **£** | **£** |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | 100 | 100 |

### 9 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| | 2018 | 2017 |
|---|---|---|
| | **£** | **£** |
| | 817,958 | 964,458 |

### 10 Related party transactions

Included in other creditors is £604,907 (2017 - £370,800) due to the directors and their close family members.

Included in other creditors is £5,350 (2017 - £29,032) due to connected companies. During the year the company incurred overheads totalling £40,700 (2017 - £37,949) with these connected companies. These companies are related virtue of having a common director and shareholder.

Included in other debtors is £9,750 (2017 - £nil) due from connected companies. During the year the company paid overheads totalling £9,750 (2017 - £nil) with these connected companies. These companies are related virtue of having a common director and shareholder.