

REGISTERED NUMBER: 02739808 (England and Wales)

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2020
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 2020**

DIRECTORS:	I D Hetherington B L D Pandit Y Sasa H Tsujikawa K Hayashi
SECRETARY:	M P Rogers
REGISTERED OFFICE:	Oak Point Oakcroft Road Chessington Surrey KT9 1RH
REGISTERED NUMBER:	02739808 (England and Wales)
AUDITORS:	P and Co (Partners) LLP, Statutory Auditors 18 Ensign Street London E1 8PA
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 2020

The directors present their strategic report for the year ended 31 December 2020.

ACTIVITIES

The company's business is the wholesale of foodstuffs.

REVIEW OF BUSINESS

The results for the year ended 31 December 2020 are set out in the Income Statement. During the year the company made a loss after taxation of £528,288 (year ended 31 December 2019: profit of £279,925).

Annual sales have decreased by 25.7% compared to the year ended 31 December 2019. There has been an increase in gross profit margin (2020: 22.6% 2019: 18.4%). Distribution expenses, which the directors regard as a key KPI, increased from 10.1% of sales in 2019 to 11.8% in 2020. The decrease in sale has lead to a decrease in the operating profit from £525,735 for the year ended 31 December 2019 to a loss of £473,336 for the year ended 31 December 2020.

At 31 December 2020, the company's net assets are £4,334,782 (31 December 2019: £4,873,070).

The market sector that the company is principally concerned with is the supply of goods to restaurants and takeaways. Trading conditions have been affected by the outbreak of Coronavirus pandemic. With national lockdowns, this has had an impact on sales and customers many closing due to government policy. The Directors are satisfied with the reduction in sales during the year under difficult trading conditions. The resilience in the business has been to continue to supply customers for takeaway which has meant sales have been maintained.

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 foods safety management system.

The competitive strength of the company is increased by utilizing 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 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk, liquidity risk and risk to pandemic. 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 grounds to hedge exposure.

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 identifiable loss event which based on previous experience, is evidence of a reduction in recoverability of the cash flow.

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 limits very closely.

Pandemic risk

In line with many other businesses operating in the sale and distribution of food and food related items to the catering and retail trade, the corona virus and subsequent lockdown by the government in March 2020, has led to a downturn in the company's results. The company utilized the government furlough scheme and reduced costs where applicable. The subsequent lockdowns did not impact as heavily due to the company's customer base changing to takeaway menus and government policy allowing takeaways to remain open.

The company has adequate cash resources and support from its parent company and the directors are satisfied that the company is a going concern.

Brexit considerations

On 31 December 2020 the UK and the European Union agreed to 100% tariff liberalisation. This means there are no tariffs or quotas on the movement of goods. The agreement ensures continued market access rights for the UK and EU road haulage operators, with no permit requirements. Brexit will require importers to provide a simplified declaration procedure, requiring WHF to have EORI number and for food goods may require import licence/certificate. These will add some additional costs and complexity to the process that were not there before Brexit.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operation and future developments the company issues a mixture of long-term and short-term debt finance. The company's position as 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 rate variation. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

WISMETTAC HARRO FOODS LIMITED

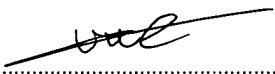
Strategic Report for the Year Ended 31 December 2020

GOING CONCERN

The company prepares forecast 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 for 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:



K Hayashi - Director

Date: 22 April 2021

WISMETTAC HARRO FOODS LIMITED

Report of the Directors for the Year Ended 31 December 2020

The directors present their report with the financial statements of the Company for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

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

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

I D Hetherington
B L D Pandit

Other changes in directors holding office are as follows:

M Ichikawa - resigned 1 November 2020
A Kimura - resigned 26 March 2020
S Kwon - resigned 26 March 2020
Y Sasa - appointed 26 March 2020
H Tsujikawa - appointed 26 March 2020
K Hayashi - appointed 1 November 2020

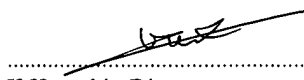
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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:


.....
K Hayashi - Director

Date: 22 April 2021

WISMETTAC HARRO FOODS LIMITED

Statement of Directors' Responsibilities for the Year Ended 31 December 2020

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.

Independent Auditors' Report 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 2020 which comprise the Income Statement, the Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the Notes to the Financial Statements including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of Wismettac Harro Foods Limited

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 and the Report of the Directors. We have nothing to report in respect of the following matters in relation to which 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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.

Independent Auditors' Report to the Members of Wismettac Harro Foods Limited

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our understanding of the company's and the industry in which it operates.

The principal risks of non-compliance with laws and regulations related to failure to comply with UK tax regulations and we considered the extent to which non-compliance might have a material effect on amounts or disclosures in the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements including the financial reporting legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting for estimates including estimates relating to stock provision and provision for bad and doubtful debts.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Audit procedures performed included, but were not limited to:

- discussing with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of those charged with governance;
- inspecting the company's regulatory and legal correspondence;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- testing of assumptions and judgements made by management in making significant accounting estimates.

Independent Auditors' Report to the Members of Wismettac Harro Foods Limited

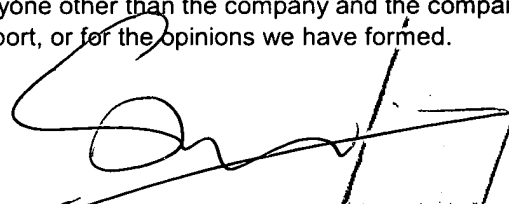
Auditors' responsibilities for the audit of the financial statements (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

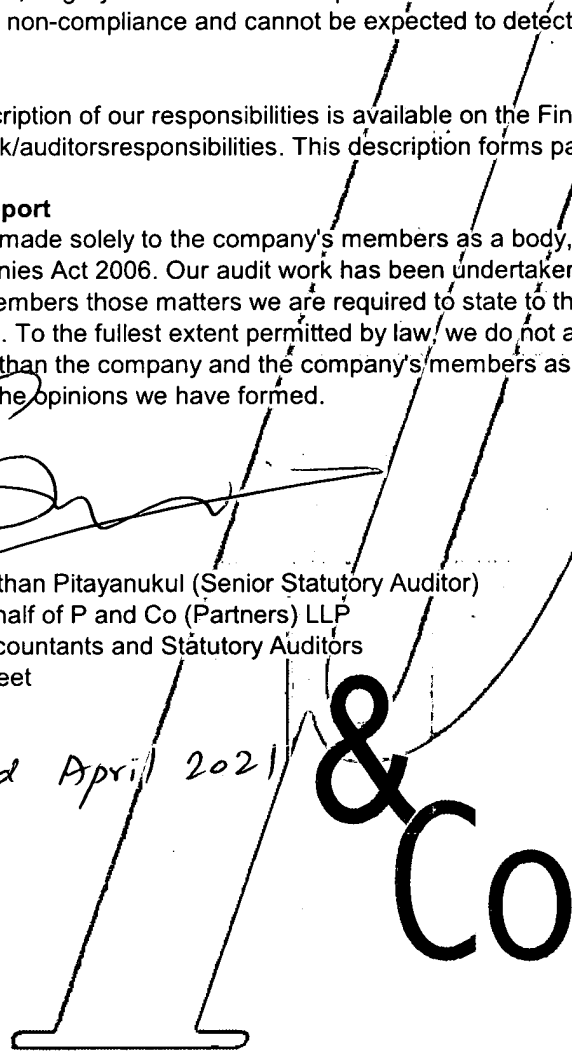
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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 an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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
Chartered Accountants and Statutory Auditors
18 Ensign Street
London
E1 8PA
Date: 23rd April 2021

A large, stylized logo for P&Co, featuring a large 'P' and 'Co' with an ampersand between them, all in a bold, sans-serif font. The logo is partially obscured by the signature and the date.

WISMETTAC HARRO FOODS LIMITED

Income Statement for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
REVENUE	4	28,467,629	38,320,888
Cost of sales		(22,036,361)	(31,269,451)
GROSS PROFIT		6,431,268	7,051,437
Distribution costs		(3,370,502)	(3,875,850)
Administrative expenses		(3,654,594)	(2,659,741)
		(593,828)	515,846
Other operating income	5	120,492	9,889
OPERATING (LOSS)/PROFIT		(473,336)	525,735
Interest receivable and similar income		-	760
		(473,336)	526,495
Interest payable and similar expenses	7	(147,465)	(144,087)
(LOSS)/PROFIT BEFORE TAXATION	8	(620,801)	382,408
Tax on (loss)/profit	10	92,513	(102,483)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(528,288)	279,925

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED

**Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(528,288)	279,925
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(528,288)</u>	<u>279,925</u>

The notes form part of these financial statements

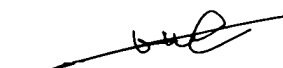
WISMETTAC HARRO FOODS LIMITED (Registered number: 02739808)

Balance Sheet
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Owned			
Property, plant and equipment	11	5,837,565	5,990,218
Right-of-use			
Property, plant and equipment	11, 17	785,995	849,419
		<u>6,623,560</u>	<u>6,839,637</u>
CURRENT ASSETS			
Inventories	12	5,437,462	5,982,575
Debtors	13	2,514,008	5,330,502
Cash at bank and in hand		2,258,643	1,596,952
		<u>10,210,113</u>	<u>12,910,029</u>
CREDITORS			
Amounts falling due within one year	14	(11,852,292)	(12,746,650)
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,642,179)</u>	<u>163,379</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,981,381	7,003,016
CREDITORS			
Amounts falling due after more than one year	15	(562,720)	(2,066,425)
PROVISIONS FOR LIABILITIES	19	(73,879)	(63,521)
NET ASSETS		<u>4,344,782</u>	<u>4,873,070</u>
CAPITAL AND RESERVES			
Called up share capital	20	600,000	600,000
Retained earnings	21	3,744,782	4,273,070
SHAREHOLDERS' FUNDS		<u>4,344,782</u>	<u>4,873,070</u>

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

22nd April 2021


K Hayashi - Director

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	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
Changes in equity			
Total comprehensive income	-	(528,288)	(528,288)
Balance at 31 December 2020	600,000	3,744,782	4,344,782

The notes form part of these financial statements

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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 25 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 preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

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 Company has net current liabilities of £1,642,179 (2019 - net current assets of £163,379). For the year ended 31 December 2020, the Company generated revenue of £28,467,629 (2019 - £38,320,888) and loss before taxation of £620,801 (2019 - profit of £382,408).

The directors has reviewed the current forecasts and the impact of COVID-19, which includes taking into account downside scenario of lockdowns and possible closures of restaurants and retailers. They are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of the approval of the financial statements through support and funding from its intermediate parent company, and existing banking arrangements.

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 these financial statements.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

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 supplied in the normal course of business, net of discounts, VAT and other sales-related taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company. This is when the goods have transferred to the customer and the customer has control of these. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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 the income statement. Freehold land is not depreciated. On the subsequent sale or scrapping of a property, the attributable surplus or loss is recognised in the income statement.

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.

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 the income statement.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Financial assets

Financial assets are classified as measure at: amortised cost, fair value through profit or loss and fair value through other comprehensive income, as appropriate.

The Company classifies its financial assets at amortised costs.

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement together with foreign exchange gains and losses.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debtors, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors and contract assets.

To measure the expected credit losses, trade debtors and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

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 2020

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.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

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 the income statement in the period in which they arise.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Leases - as a lessee

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;
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts 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.

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.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

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.

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.

Creditors

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

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Borrowing costs

Borrowing costs are recognised in the income statement 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 2020

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 IFRS 15 and, in particular, whether the Company had satisfied its performance obligations and transferred to the customer 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.

	2020	2019
	£	£
United Kingdom	26,848,297	35,932,254
Europe	1,619,332	2,388,634
	<u>28,467,629</u>	<u>38,320,888</u>

Revenue from contracts with customers

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

4. REVENUE - continued

Contract balances

	2020	2019
	£	£
Debtors included in "Trade and other debtors"	<u>2,023,185</u>	<u>4,679,163</u>

5. OTHER OPERATING INCOME

	2020	2019
	£	£
Rents received	1,479	12,499
Sundry expenses	(2,572)	(2,610)
Government grants	<u>121,585</u>	<u>-</u>
	<u>120,492</u>	<u>9,889</u>

Government Grants

During 2020, the Chancellor announced a range of government support schemes to be put in place to assist companies during the COVID-19 outbreak. The company adopted the accrual model to recognise the following grants:

	2020	2019
	£	£
Coronavirus Job Retention Scheme (CJRS)	<u>121,585</u>	<u>-</u>

There are no unfulfilled conditions and other contingencies attaching to grants that have been recognised in income. There is no other form of government assistance from which the entity has directly benefited.

6. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	4,021,365	3,471,991
Social security costs	242,392	262,390
Other pension costs	<u>211,235</u>	<u>197,065</u>
	<u>4,474,992</u>	<u>3,931,446</u>

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

	2020	2019
Administration	19	12
Sales and Distribution	<u>82</u>	<u>88</u>
	<u>101</u>	<u>100</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

	2020	2019
	£	£
Directors' remuneration	<u>632,816</u>	<u>482,241</u>
Information regarding the highest paid director is as follows:		
	2020	2019
	£	£
Emoluments etc	<u>325,301</u>	<u>261,876</u>
7. INTEREST PAYABLE AND SIMILAR EXPENSES		
	2020	2019
	£	£
Bank interest	80,175	74,139
Interest expense on lease liabilities	33,117	18,910
Interest on group finance	<u>34,173</u>	<u>51,038</u>
	<u>147,465</u>	<u>144,087</u>
8. (LOSS)/PROFIT BEFORE TAXATION		
The (loss)/profit before taxation is stated after charging:		
	2020	2019
	£	£
Cost of inventories recognised as expense	20,039,582	27,814,146
Hire of plant and machinery	48,967	23,673
Other operating leases	12,992	89,669
Depreciation - owned assets	268,880	279,114
Net foreign exchange (gains) or losses	(99,008)	28,929
Loss on disposal of property, plant and equipment	-	2,610
Staff costs	4,474,992	3,931,446
Impairment of trade debtors	<u>234,368</u>	<u>9,784</u>

9. AUDITORS' REMUNERATION

Fees payable to P and Co (Partners) LLP for the audit of the Company's annual accounts were £30,000 (2019 - £29,000).

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

10. TAXATION

Analysis of tax (income)/expense

	2020 £	2019 £
Current tax:		
Tax	(102,871)	97,257
Deferred tax	10,358	5,226
Total tax (income)/expense in income statement	<u>(92,513)</u>	<u>102,483</u>

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:

	2020 £	2019 £
(Loss)/profit before income tax	<u>(620,801)</u>	<u>382,408</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(117,952)	72,658
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	26,917	30,480
Adjustments in respect of prior years	<u>(1,478)</u>	<u>(655)</u>
Tax (income)/expense	<u>(92,513)</u>	<u>102,483</u>

Corporation tax is calculated at 19% (2019 - 19%) of the estimated taxable profit for the period.

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 2020

11. PROPERTY, PLANT AND EQUIPMENT

Owned fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 January 2020	5,571,310	536,954	283,076	1,512,053	7,903,393
Additions	-	8,104	-	108,123	116,227
Disposals	-	(50,986)	(189,878)	(390,645)	(631,509)
At 31 December 2020	5,571,310	494,072	93,198	1,229,531	7,388,111
DEPRECIATION					
At 1 January 2020	646,924	177,078	274,128	815,045	1,913,175
Charge for year	123,224	27,017	7,893	110,746	268,880
Eliminated in disposal	-	(50,986)	(189,878)	(390,645)	(631,509)
At 31 December 2020	770,148	153,109	92,143	535,146	1,550,546
NET BOOK VALUE					
At 31 December 2020	4,801,162	340,963	1,055	694,385	5,837,565
At 31 December 2019	4,924,386	359,876	8,948	697,008	5,990,218

Right-of-use assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 January 2020	-	-	996,201	44,685	1,040,886
Additions	-	-	331,980	6,660	338,640
Disposals	-	-	(322,319)	-	(322,319)
At 31 December 2020	-	-	1,005,862	51,345	1,057,207
DEPRECIATION					
At 1 January 2020	-	-	187,559	3,908	191,467
Charge for year	-	-	221,138	11,450	232,588
Eliminated in disposal	-	-	(152,843)	-	(152,843)
At 31 December 2020	-	-	255,854	15,358	271,212
NET BOOK VALUE					
At 31 December 2020	-	-	750,008	35,987	785,995
At 31 December 2019	-	-	808,642	40,777	849,419

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

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 2020 (2019 - none) as there was no indication of impairment.

12. INVENTORIES

	2020	2019
	£	£
Finished goods	<u>5,437,462</u>	<u>5,982,575</u>

The cost of inventories recognised as an expense includes £143,658 (2019 - £150,001) in respect of write-downs of inventory to net realisable value.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	1,758,454	4,639,094
Amounts owed by group undertakings	250,231	277,841
Other debtors	9,871	9,849
Tax	105,354	-
VAT	189,393	224,998
Prepayments	200,705	178,720
	<u>2,514,008</u>	<u>5,330,502</u>

Trade debtors are stated after provisions for impairment of £221,445 (2019 - £20,981).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	5,400,000	6,700,000
Other loans (see note 16)	1,500,000	1,000,000
Leases (see note 17)	243,183	284,315
Trade creditors	2,920,555	3,646,677
Amounts owed to group undertakings	1,349,538	700,928
Tax	-	27,518
Social security and other taxes	214,367	190,232
Accrued expenses	224,649	196,980
	<u>11,852,292</u>	<u>12,746,650</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

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

	2020 £	2019 £
Other loans (see note 16)	-	1,500,000
Leases (see note 17)	562,720	566,425
	<u>562,720</u>	<u>2,066,425</u>

16. FINANCIAL LIABILITIES - BORROWINGS

	2020 £	2019 £
Non-current:		
Parent company loan	-	1,500,000
	<u>-</u>	<u>1,500,000</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Bank loans	5,400,000	-	-	-	5,400,000
Parent company loan	1,500,000	-	-	-	1,500,000
	<u>6,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,900,000</u>

Bank loans

The bank loans are repayable on 22 January 2021. Interest is charged at 0.60% to 1.50% on the drawn-down amount.

Parent company loan

The parent company loan is repayable on 30 April 2021. Interest accrues on the principal at 1.75% per annum.

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

17. LEASING

Right-of-use assets

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.

	2020	2019
	£	£
Motor vehicles	750,008	808,642
Equipment	35,987	40,777
	<u>785,995</u>	<u>849,419</u>

Other leases

	2020	2019
	£	£
Short-term and low-value leases	<u>61,959</u>	<u>113,342</u>

The total cash outflow for leases in 2020 was £308,853 (2019 - £300,903).

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

17. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	2020	2019
	£	£
Gross obligations repayable :		
Current	243,183	284,315
Non-current	562,720	566,425
	<u>805,903</u>	<u>850,740</u>

Amounts realised in profit and loss

	2020	2019
	£	£
Depreciation expense on right-of-use assets	232,588	191,467
Interest expense on lease liabilities	33,117	18,910
Expense relating to short-term leases and low-value assets	61,959	113,342
Variable lease payments not included in the measurement of the lease liability	86,188	91,847
	<u>413,852</u>	<u>415,566</u>

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 2020

18. FINANCIAL INSTRUMENTS

Categories of financial instruments held at fair value

	2020 £	2019 £
Financial assets at fair value		
At fair value through profit or loss	-	-
Financial liabilities at fair value		
At fair value through profit or loss	-	-

Changes in value of financial instruments carried at fair value

Profit for the year has been arrived at after charging:

	2020 £	2019 £
Financial liabilities at fair value through profit or loss	-	(12,342)

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

	2020 £	2019 £
Deferred tax	73,879	63,521
		Deferred tax £
Balance at 1 January 2020		63,521
Charge to Income Statement		10,358
Balance at 31 December 2020		73,879

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

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 £
Balance at 1 January 2020	(63,521)
Charge to Income Statement	(10,358)
Balance at 31 December 2020	<u>(73,879)</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2020 £	2019 £
600,000	Ordinary shares	1	<u>600,000</u>	<u>600,000</u>

21. RESERVES

	Retained earnings £
At 1 January 2020	4,273,070
Deficit for the year	(528,288)
At 31 December 2020	<u>3,744,782</u>

22. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>6,660</u>

WISMETTAC HARRO FOODS LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

23. RELATED PARTY DISCLOSURES

During the year, the Company sold £136,569 (2019 - £227,078) of goods to, purchased £82,025 (2019 - £84,070) of goods from and recharged £657,616 (2019 - £nil) expenses to Comptoirs Des 3 Caps, which is 20% owned by the Company's immediate parent company, NTC Wismettac Europe B.V. At the year-end, £31,118 (2019 - £17,367) was outstanding and included within debtors and the Company owed £13,937 (2019 - £nil) to Comptoirs Des 3 Caps, which was included within creditors.

During the year, the Company sold £8,891 (2019 - £nil) of goods to, purchased £29,509 (2019 - £18,118) of goods from and recharged £498,813 (2019 - £nil) expenses to SSP Konsumguter Trade & Consult GmbH, which is 20% owned by the Company's immediate parent company, NTC Wismettac Europe B.V. At the year-end, £146,648 (2019 - £nil) was outstanding and included within debtors and the Company owed £3,189 (2019 - £nil) to SSP Konsumguter Trade & Consult GmbH, which was included within creditors.

24. EVENTS AFTER THE REPORTING PERIOD

The Company has continued to support its customer base throughout corona virus and have reported satisfactory results on the back of difficult trading conditions. Like many business supplying food and food related items, corona virus caused a downturn in business activity. Trading recovered as customers changed the way they supplied their customer base. The easing of lockdown and the government help out to eat out scheme improved sales over this period. The subsequent lockdowns did not cause as large a downturn due to many suppliers changing their business models to supplying takeaways. The third lockdown in 2021 has continued to lead to some uncertainty but business activity has remained satisfactory given the conditions. The business has taken additional steps over the pandemic to introduce additional shifts, working from home has been encouraged and the business utilizes the government furlough scheme.

We continue to see confidence returning and activity is improving each month. The directors are confident that the business is a going concern.

Wismettac Harro Foods Limited has announced the acquisition of Sco-Fro Group Limited as a 100% subsidiary of the Company. Sco-Fro had a turnover of £18.5m and an operating profit of £675k for the year ended 30 April 2020. The acquisition this strengthens the group and provides both companies new sales opportunities and increases product range.

25. 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.