

Registration number: 07759291

Mercato Metropolitano Ltd

Audited Group Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

AMENDED



Mercato Metropolitano Ltd

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 10
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Parent company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Parent company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 to 17
Notes to the Financial Statements	18 to 35

Mercato Metropolitano Ltd

Company Information

Directors

Mr Julio Bruno Castellanos

Mr Andrea Iervolino

Mr Andrea Rasca

Registered office

42 Newington Causeway
London
SE1 6DR

Registered Number

07759291

Auditors

A.C.T. Audit Limited
48 Dover St
Mayfair
London
W1S 4FF

Mercato Metropolitano Ltd

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report on the affairs of Mercato Metropolitano Ltd (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2022.

Principal activity

The principal activity of the group is the provision of community market services including retail food and groceries, entertainment and community activities. The group has a strong focus on food excellence, sustainability, and urban renewal.

Fair review of the business

The Group operates food markets which serve as a platform for small-scale food vendors, supporting local businesses and entrepreneurs who produce quality food using a sustainable approach.

The group’s commitment to sustainability is reflected through waste reduction, recycling, and the promotion of organic and locally sourced produce. Through its strategic partnerships and community engagement initiatives, the group continues to develop itself as a diverse hub for food enthusiasts alongside community activities.

Future developments

The group intends to concentrate on growing in the existing UK market, as well as expanding through service agreements into Europe and other international markets.

The group’s key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Turnover	£	9,291,258	4,392,454
Operating Profit / (Loss)	£	582,630	(2,263,538)
Net equity	£	(2,368,383)	(2,896,382)

Principal risks and uncertainties

Economic risks

Volatility in the economy, namely the cost-of-living crisis, poses a risk to the group as lower consumer purchasing power coupled with the elastic demand that is embedded into the food market industry leads us to believe that an economic downturn would directly impact the core business of the group. The group are continually working to ensure that the offerings across the markets are diverse and inclusive, in order to mitigate the economic risks present. The group has also implemented operational cost-control measures to offset potential overhead cost increases.

Competitive risks and consumer preferences

The food market industry is becoming increasingly competitive. Our focus on sustainability and ensuring that our local communities are at the forefront of business decisions provides a point of difference in a conscious consumer market.

People

Attracting and retaining staff is key to delivering superior performance. Staff turnover has the ability to impact the business’ ability to maintain the level of service provided to customers and the experience they receive when visiting our sites, and has the ability to adversely impact the financial performance.

Liquidity risk

Liquidity is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and fundings its normal operations. The Company’s cashflow reflects the seasonal nature of the industry and therefore the cash position is carefully measured.

Mercato Metropolitano Ltd

Strategic Report for the Year Ended 31 December 2022

Approved and authorised by the Board on 14/12/23 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A. Rasca', written over a dotted line.

Mr Andrea Rasca
Director

Mercato Metropolitanò Ltd

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited consolidated financial statements of Mercato Metropolitanò Ltd and its subsidiaries for the year ended 31 December 2022.

Directors of the group

The directors who held office during the year were as follows:

Mr Flaminio Oggioni (appointed 13 May 2022 and resigned 30 September 2022)

Mr Julio Bruno Castellanos (appointed 13 May 2022)

Mr Andrea Iervolino (appointed 13 May 2022)

Ms Laura Martiniello (appointed 13 May 2022 and resigned 21 September 2022)

Mr Andrea Rasca

Mr Giorgio Paglioni (appointed 13 May 2022 and resigned 29 September 2022)

Results and dividends

The profit for the financial year, after tax is £509,999 (2021: loss £2,291,725).

The Directors do not recommend the payment of a dividend (2021: £nil).

Going concern

The Directors believe that the Company is well placed to manage its business risk successfully. Having reviewed the Company's current position and given the existent financial support provided by the Company's parent Tatatu S.p.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements. The financial support by Tatatu S.p.A. has been confirmed for a period of not less than 12 months from the date of the signing of these financial statements.

Important non adjusting events after the financial period

After the year-end, the group converted £4,000,000 of debt owed to the parent company, WWMM Ltd, into equity by issuing 3,996,612 shares of £0.01 each.

Directors' liabilities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on 14/12/23... and signed on its behalf by:

Mercato Metropolitano Ltd

Directors' Report for the Year Ended 31 December 2022

A handwritten signature in black ink, appearing to read 'Rasca', written over a dotted line.

Mr Andrea Rasca
Director

Mercato Metropolitano Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and authorised by the Board on 14/12/13.. and signed on its behalf by:



Mr Andrea Rasca
Director

Mercato Metropolitano Ltd

Independent Auditor's Report to the Members of Mercato Metropolitano Ltd

Opinion

We have audited the financial statements of Mercato Metropolitano Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Parent Company Balance Sheet, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's 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 auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

The other information comprises the information included in the group annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the group annual report. It should also be noted that the comparative figures are unaudited. 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.

Mercato Metropolitano Ltd

Independent Auditor's Report to the Members of Mercato Metropolitano Ltd

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Other matters

The prior year financial statements were unaudited.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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 group's and the parent 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.

Auditor 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 auditor's 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:

Mercato Metropolitano Ltd

Independent Auditor's Report to the Members of Mercato Metropolitano Ltd

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the director and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment; environmental (including Waste Electrical and Electronic Equipment recycling (WEEE) Regulations 2013) and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions and, in particular, unusual account combinations to revenue and expenses;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias;
- incorporated elements of unpredictability in our testing and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the director and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Mercato Metropolitano Ltd

Independent Auditor's Report to the Members of Mercato Metropolitano Ltd

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 auditor's 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.

A.C.T. Audit Limited

Francesco Lepri (Senior Statutory Auditor)
For and on behalf of A.C.T. Audit Limited

48 Dover St
Mayfair
London
W1S 4FF

Date: 19/12/2023.....

Mercato Metropolitano Ltd

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	(Unaudited) 2021 £
Turnover	4	9,291,258	4,392,454
Cost of sales		<u>(731,181)</u>	<u>(138,155)</u>
Gross profit		8,560,077	4,254,299
Administrative expenses		(8,796,599)	(7,098,315)
Other operating income	5	<u>801,364</u>	<u>580,478</u>
Operating profit/(loss)	7	<u>564,842</u>	<u>(2,263,538)</u>
Other interest receivable and similar income	8	158	-
Interest payable and similar expenses	9	<u>(69,849)</u>	<u>(28,187)</u>
		<u>(69,691)</u>	<u>(28,187)</u>
Profit/(loss) before tax		495,151	(2,291,725)
Tax on profit/(loss)	13	<u>14,848</u>	-
Profit/(loss) for the financial year		<u>509,999</u>	<u>(2,291,725)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>509,999</u>	<u>(2,291,725)</u>

The above results were derived from continuing operations.

The group has no recognised gains or losses for the year other than the results above.

Mercato Metropolitano Ltd

(Registration number: 07759291)

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £	(Unaudited) 2021 £
Fixed assets			
Intangible assets	14	1,049,479	-
Tangible assets	15	6,089,764	5,214,455
Investments	16	-	-
		<u>7,139,243</u>	<u>5,240,456</u>
Current assets			
Stocks	17	188,106	-
Debtors	18	1,950,852	1,944,327
Cash at bank and in hand	19	892,065	132,797
		<u>3,031,023</u>	<u>2,077,124</u>
Creditors: Amounts falling due within one year	20	(8,812,185)	(4,795,734)
Bank Overdraft	19	-	(353,655)
Net current liabilities		<u>(5,781,162)</u>	<u>(3,072,265)</u>
Total assets less current liabilities		1,358,081	2,142,190
Creditors: Amounts falling due after more than one year	20	(3,732,832)	(4,801,585)
Provisions for liabilities		<u>(11,632)</u>	<u>(236,987)</u>
Net liabilities		<u>(2,386,383)</u>	<u>(2,896,382)</u>
Capital and reserves			
Called up share capital	22	14,618	14,618
Share premium reserve	23	604,491	604,491
Retained earnings	23	(3,005,492)	(3,515,491)
Equity attributable to owners of the company		<u>(2,386,383)</u>	<u>(2,896,382)</u>
Shareholders' deficit		<u>(2,386,383)</u>	<u>(2,896,382)</u>

Approved and authorised by the Board on 14/12/23 and signed on its behalf by:



 Mr Andrea Rasca
 Director

The notes on pages 18 to 35 form an integral part of these financial statements.

Mercato Metropolitano Ltd
(Registration number: 07759291)
Balance Sheet as at 31 December 2022

	Note	2022 £	(Unaudited) 2021 £
Fixed assets			
Tangible assets	15	16,708	-
Investments	16	563,922	29,004
		<u>580,630</u>	<u>29,004</u>
Current assets			
Debtors	18	6,936,274	4,193,047
Cash at bank and in hand		575,895	36,516
		<u>7,512,169</u>	<u>4,229,563</u>
Creditors: Amounts falling due within one year	20	(10,311,052)	(4,614,519)
Bank Overdraft	19	-	(258,683)
Net current liabilities		<u>(2,798,883)</u>	<u>(643,639)</u>
Total assets less current liabilities		(2,218,253)	(614,635)
Creditors: Amounts falling due after more than one year	20	(621,667)	(1,216,667)
Provisions for liabilities		-	(127,087)
Net liabilities		<u>(2,839,920)</u>	<u>(1,958,389)</u>
Capital and reserves			
Called up share capital	22	14,618	14,618
Share premium reserve		604,491	604,491
Retained earnings		<u>(3,459,029)</u>	<u>(2,577,498)</u>
Shareholders' deficit		<u>(2,839,920)</u>	<u>(1,958,389)</u>

The company made a loss after tax for the financial year of £881,531 (2021 - loss of £1,320,618).

Approved and authorised by the Board on 14.12.23 and signed on its behalf by:



 Mr Andrea Rasca
 Director

Mercato Metropolitano Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022
Equity attributable to the parent company

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2021	14,618	604,491	(1,223,766)	(604,657)
Loss for the year	-	-	(2,291,725)	(2,291,725)
At 31 December 2021	14,618	604,491	(3,515,491)	(2,896,382)
	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2022	14,618	604,491	(3,515,491)	(2,896,382)
Profit for the year	-	-	509,999	509,999
At 31 December 2022	14,618	604,491	(3,005,492)	(2,386,383)

Mercato Metropolitano Ltd

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2021	14,618	604,491	(1,256,880)	(637,771)
Loss for the year	-	-	(1,320,618)	(1,320,618)
At 31 December 2021	14,618	604,491	(2,577,498)	(1,958,389)
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	14,618	604,491	(2,577,498)	(1,958,389)
Loss for the year	-	-	(881,531)	(881,531)
At 31 December 2022	14,618	604,491	(3,459,029)	(2,839,920)

The notes on pages 18 to 35 form an integral part of these financial statements.
Page 15

Mercato Metropolitano Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

		2022	(Unaudited) 2021
	Note	£	£
Cash flows from operating activities			
Profit/(loss) for the year		509,999	(2,291,725)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	7	602,837	467,457
Loss on disposal of tangible assets	6	8,091	568,778
Finance income	8	(158)	-
Finance costs	9	69,849	28,187
Income tax expense	13	(14,848)	-
Foreign exchange gains/losses		10,696	230
		<u>1,186,466</u>	<u>(1,227,073)</u>
Working capital adjustments			
Increase in stocks	17	(188,106)	-
(Increase)/decrease in trade debtors	18	(32,526)	4,272,399
Increase/(decrease) in trade creditors	20	3,698,288	(3,400,169)
(Decrease)/increase in provisions		(210,506)	210,506
(Decrease)/increase in deferred income, including government grants		<u>(157,490)</u>	<u>1,681,411</u>
Cash generated from operations		4,296,126	1,537,074
Income taxes received	13	-	18,665
Net cash flow from operating activities		<u>4,296,126</u>	<u>1,555,739</u>
Cash flows from investing activities			
Interest received		158	-
Acquisitions of tangible assets		(1,468,448)	(1,828,944)
Proceeds from sale of tangible assets		-	(334,479)
Acquisition of intangible assets	14	<u>(1,067,267)</u>	-
Net cash flows from investing activities		<u>(2,535,557)</u>	<u>(2,163,423)</u>
Cash flows from financing activities			
Interest paid	9	(69,849)	(28,187)
Proceeds from bank borrowing draw downs		(255,000)	1,782
Repayment of other borrowing		(196,530)	196,530
Payments to leasing liability creditors		<u>(115,571)</u>	<u>(55,713)</u>
Net cash flows from financing activities		<u>(636,950)</u>	<u>114,412</u>
Net increase/(decrease) in cash and cash equivalents		1,123,619	(493,272)
Cash and cash equivalents at 1 January		(220,858)	272,644
Effect of exchange rate fluctuations on cash held		<u>(10,696)</u>	<u>(230)</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Mercato Metropolitano Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

		2022	(Unaudited)
	Note	£	2021
			£
Cash and cash equivalents at 31 December		<u>892,065</u>	<u>(220,858)</u>

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

42 Newington Causeway

London

SE1 6DR

United Kingdom

These financial statements were authorised for issue by the Board on 14/12/23

2 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 and the Companies Act 2006.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- No separate parent company profit and loss, cash flow statement and related notes;
- Key management personnel compensation; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

3 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Basis of preparation

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

The financial statements have been prepared on a going concern basis, under the historical cost convention, except certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise 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 below.

The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and all its subsidiary undertakings drawn up to 31 December 2022.

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Going concern

The Directors believe that the Company is well placed to manage its business risk successfully. Having reviewed the Company's current position and given the existent financial support provided by the Company's parent Tatatu S.p.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements. The financial support by Tatatu S.p.A. has been confirmed for a period of not less than 12 months from the date of the signing of these financial statements.

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Critical accounting estimates and significant judgement

Impairment of intangible Assets & Goodwill

Intangible assets and Goodwill with finite lives and property, plant and equipment are amortized or depreciated over their estimated useful life on a straight-line basis. We monitor conditions related to these assets to determine whether events and circumstances warrant a revision to the remaining amortization or depreciation period. We test these assets for potential impairment whenever our management concludes events or changes in circumstances indicate that the carrying amount may not be recoverable. The original estimate of an asset's useful life and the impact of an event or circumstance on either an asset's useful life or carrying value involve significant judgment regarding estimates of the future cash flows associated with each asset

Deferred tax

Deferred tax assets and liabilities require management judgment in determining the amounts to be recognised. In particular, judgment is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Impairment of fixed asset investments

At each balance sheet date the Group considers whether the carrying value of fixed asset investments is fairly stated. Where an indication of impairment is identified the recoverable amount of the investments is compared to the carrying value of the investment. The recoverable amount is the higher of the fair value less costs to sell and value in use. This requires estimation of the future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cashflows.

Impairment of trade and other debtors

The Group makes an estimate of the recoverable amount of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. It is on this basis with the associated financial support that impairment is not required.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is derived from the group's principal activity and is attributable to the UK market.

Income received in advance of services provided is taken to deferred revenue.

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.

Landlord grants

The group received a grant from the landlord. These 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.

The 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.

Foreign currency transactions and balances

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

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

Tax

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

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

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

Asset class	Depreciation method and rate
Leasehold Improvements & Land and buildings	10 years straight-line
Plant and machinery	7 years straight-line
Office equipment	3 years straight-line
Furniture & Fittings	3 years straight-line

Business combinations

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

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Investments

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

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

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for goods 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 group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress 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. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group 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.

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Borrowings

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

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

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

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

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

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

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

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

Share capital

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

Defined contribution pension obligation

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

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

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial instruments

Classification

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Recognition and measurement

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

4 Turnover

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2022	(Unaudited) 2021
	£	£
Sale of goods	169,855	-
Rendering of services	550,336	299
Commissions received	8,489,328	4,354,785
Other revenue	81,739	37,370
	<u>9,291,258</u>	<u>4,392,454</u>

5 Other operating income

The analysis of the group's other operating income for the year is as follows:

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

	2022	(Unaudited) 2021
	£	£
Government grants	8,096	362,300
Miscellaneous other operating income	793,268	218,178
	<u>801,364</u>	<u>580,478</u>

6 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2022	(Unaudited) 2021
	£	£
Loss on disposal of Tangible assets	<u>(8,091)</u>	<u>(568,778)</u>

7 Operating profit/(loss)

Arrived at after charging/(crediting)

	2022	(Unaudited) 2021
	£	£
Depreciation expense	585,049	467,457
Amortisation expense	17,788	-
Write-down of stocks to net realisable value	1,169	-
Foreign exchange losses	10,696	230
Operating lease expense - plant and machinery	-	10,629
Loss on disposal of property, plant and equipment	<u>8,091</u>	<u>568,778</u>

8 Other interest receivable and similar income

	2022	(Unaudited) 2021
	£	£
Interest income on bank deposits	<u>158</u>	<u>-</u>

9 Interest payable and similar expenses

	2022	(Unaudited) 2021
	£	£
Interest on bank overdrafts and borrowings	<u>69,849</u>	<u>28,187</u>

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

	2022	(Unaudited) 2021
	£	£
Wages and salaries	3,097,301	2,794,807
Social security costs	361,957	240,298
Other short-term employee benefits	8,091	7,396
Pension costs, defined contribution scheme	38,391	22,397
Other employee expense	577,631	102,305
	<u>4,083,371</u>	<u>3,167,203</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022	(Unaudited) 2021
	No.	No.
Production	85	81
Administration and support	18	18
	<u>103</u>	<u>99</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	(Unaudited) 2021
	£	£
Remuneration	<u>401,061</u>	<u>157,728</u>

The amount disclosed is referring to the remuneration for one director.

12 Auditors' remuneration

	2022	(Unaudited) 2021
	£	£
Audit of these financial statements	<u>31,000</u>	<u>-</u>

13 Taxation

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

	2022	(Unaudited) 2021
	£	£
Deferred taxation		
Arising from write-down or reversal of write-down of deferred tax asset	<u>(14,848)</u>	<u>-</u>

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	(Unaudited) 2021 £
Profit/(loss) before tax	495,151	(2,291,725)
Corporation tax at standard rate	94,079	(435,428)
Effect of tax losses	-	435,428
Tax decrease from other short-term timing differences	(14,848)	-
Tax decrease arising from group relief	(94,079)	-
Total tax credit	(14,848)	-

Deferred tax

Group

Deferred tax assets and liabilities

2022	Asset £	Liability £
Fixed asset timing differences	-	11,633
	-	11,633

2021	Asset £	Liability £
Fixed asset timing differences	-	27,076
Short term timing differences - trading	595	-
	595	27,076

14 Intangible assets

Group

	Goodwill £
Cost or valuation	
Additions acquired separately	1,067,267
At 31 December 2022	1,067,267
Amortisation	
Amortisation charge	17,788
At 31 December 2022	17,788
Carrying amount	
At 31 December 2022	1,049,479

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

15 Tangible assets

Group

	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	6,056,386	725,036	99,445	64,060	6,944,927
Additions	1,293,535	129,240	15,469	30,204	1,468,448
Disposals	(8,091)	-	-	-	(8,091)
At 31 December 2022	7,341,830	854,276	114,914	94,264	8,405,284
Depreciation					
At 1 January 2022	1,166,177	482,482	53,385	28,428	1,730,472
Charge for the year	376,741	176,070	15,454	16,783	585,048
At 31 December 2022	1,542,918	658,552	68,839	45,211	2,315,520
Carrying amount					
At 31 December 2022	5,798,912	195,724	46,075	49,053	6,089,764
At 31 December 2021	4,890,209	242,554	46,060	35,632	5,214,455

Included within the net book value of land and buildings above is £5,798,913 (2021 - £4,890,209) in respect of long leasehold land and buildings.

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

16 Investments

Company

	2022	(Unaudited) 2021
	£	£
Investments in subsidiaries	563,922	29,004

Subsidiaries	£
Cost or valuation	
At 1 January 2022	29,004
Additions	534,918
At 31 December 2022	563,922
Carrying amount	
At 31 December 2022	563,922
At 31 December 2021	29,004

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
MM E&C Ltd	42 Newington Causeway, London, Ordinary SE1 6DR United Kingdom		100%	100%
MM Mayfair Ltd	42 Newington Causeway, London, Ordinary SE1 6DR United Kingdom		100%	100%
MM Ilford Ltd	42 Newington Causeway, London, Ordinary SE1 6DR United Kingdom		100%	100%
MM Factory (EP) Ltd	42 Newington Causeway, London, Ordinary SE1 6DR United Kingdom		100%	100%

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

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

Parent guarantee to subsidiaries

The following subsidiary companies have claimed audit exemption under Section 479A of the Companies Act 2006 for the year ended 31 December 2022: MM E&C Ltd Company No: 09745151, MM Mayfair Ltd Company No: 11299216, MM Ilford Ltd Company No: 11427922, MM Factory (EP) Ltd Company No: 11539619, MM Canary Wharf Ltd Company No: 12869633, MM Personnel Ltd Company No: 13275257, MM Grocery Ltd Company No: 12036149. The parent, Mercato Metropolitano Ltd, has given a statement of guarantee under Section 479C of Companies Act 2006 whereby Mercato Metropolitano Ltd will guarantee all outstanding liabilities to which aforementioned UK registered companies are subject as at 31 December 2022.

17 Stocks

	Group		Company	
	2022	(Unaudited) 2021	2022	(Unaudited) 2021
	£	£	£	£
Finished goods and goods for resale	188,106	-	-	-

18 Debtors

		Group		Company	
		2022	(Unaudited) 2021	2022	(Unaudited) 2021
		£	£	£	£
Current	Note				
Trade debtors		1,258,224	343,926	-	-
Amounts owed by related parties	25	-	450,576	6,894,949	3,475,644
Other debtors		129,657	1,108,032	21,905	717,403
Prepayments		562,971	15,792	19,420	-
		1,950,852	1,918,326	6,936,274	4,193,047

Amounts due from group undertakings are interest free and repayable on demand. Prepayments relate to operating site rent paid in advance in agreement with the landlord.

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

19 Cash and cash equivalents

	Group		Company	
	2022	(Unaudited) 2021	2022	(Unaudited) 2021
	£	£	£	£
Cash on hand	38	-	-	-
Cash at bank	892,027	132,797	575,895	36,516
	892,065	132,797	575,895	36,516
Bank overdrafts	-	(353,655)	-	(258,683)
Cash and cash equivalents in statement of cash flows	892,065	(220,858)	575,895	(222,167)

20 Creditors

		Group		Company	
		2022	(Unaudited) 2021	2022	(Unaudited) 2021
	Note	£	£	£	£
Due within one year					
Loans and borrowings	23	372,920	206,924	372,920	148,491
Trade creditors		2,438,601	2,592,792	322,843	152,779
Amounts due to related parties	25	3,937,000	-	9,479,874	3,384,606
Social security, outstanding defined contribution pension costs and other taxes		782,640	1,416,605	74,039	316,468
Other payables		330,256	81,641	30,376	-
Accruals		635,555	360,726	31,000	414,231
Income tax liability		137,046	137,046	-	-
Deferred income		178,167	-	-	197,944
		8,812,185	4,795,734	10,311,052	4,614,519
Due after one year					
Loans and borrowings	23	621,667	1,354,764	621,667	1,216,667
Deferred income		3,111,165	3,446,821	-	-
		3,732,832	4,801,585	3,910,998	1,216,667

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

Deferred income relates to Government & Landlord grants received for the purpose of capital expenditure and is recognised in line with the depreciation charge of the associated fixed assets.

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £38,390 (2021 - £22,397).

Contributions totalling £8,544 (2021 - £) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2022		(Unaudited) 2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	1,461,818	14,618	1,461,818	14,618

23 Loans and borrowings

	Group		Company	
	2022	(Unaudited) 2021	2022	(Unaudited) 2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	621,667	1,216,667	961,667	1,216,667
Other borrowings	-	138,097	-	-
	<u>621,667</u>	<u>1,354,764</u>	<u>961,667</u>	<u>1,216,667</u>

Mercato Metropolitan Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

	Group	(Unaudited)	Company	(Unaudited)
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank overdrafts	-	353,655	-	258,683
Bank borrowings	340,000	-	340,000	-
Leasing liabilities	32,920	148,491	32,920	148,491
Other borrowings	-	58,433	-	-
	<u>372,920</u>	<u>560,579</u>	<u>372,920</u>	<u>407,174</u>

Group

Bank borrowings

Coronavirus Business Interruption Loan 1 is denominated in with a nominal interest rate of 3.99% per annum over the Bank of England Base Rate, and the final instalment is due on 28 July 2025. The carrying amount at year end is £555,417 (2021 - £716,667).

HSBC Bank holds a Fixed and floating charge over all assets of Mercato Metropolitan Ltd.

Coronavirus Business Interruption Loan 2 is denominated in with a nominal interest rate of 3.99% per annum over the Bank of England Base Rate, and the final instalment is due on 19 March 2026. The carrying amount at year end is £406,250 (2021 - £500,000).

HSBC Bank holds a Fixed and floating charge over all assets of Mercato Metropolitan Ltd.

24 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022	(Unaudited) 2021
	£	£
Not later than one year	1,844,619	1,290,046
Later than one year and not later than five years	7,968,914	7,817,119
Later than five years	12,417,435	14,413,848
	<u>22,230,968</u>	<u>23,521,013</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £672,961 (2021 - £730,110).

Company

Operating leases

The total of future minimum lease payments is as follows:

Mercato Metropolitano Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

	2022	(Unaudited) 2021
	£	£
Not later than one year	20,400	11,900
Later than one year and not later than five years	3,400	23,800
	<u>23,800</u>	<u>35,700</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £14,900 (2021 - £1,558).

25 Related party transactions

- The group purchased advertising services from Tatatu Hungary Kft. (a subsidiary of Tatatu S.p.A) for £281,444 (2021: Nil). At the year end £218,823 was still outstanding at the year end.
- During the year Mercato Metropolitano purchased MM Grocery Ltd from MM Sustainable Capital Ltd through relief of debt between the group companies.

Company

Loans from related parties

	Parent £	Total £
2022		
Advanced	3,937,000	3,937,000
At end of period	<u>3,937,000</u>	<u>3,937,000</u>

Terms of loans from related parties

the loan is interest free and repayable on demand.

26 Parent and ultimate parent undertaking

The company's immediate parent is WWMM Ltd, incorporated in England and Wales.

The parent undertaking of the largest and smallest group of which the company is a member and consolidated financial statements are prepared is Tatatu S.p.A. which is also the ultimate parent undertaking and controlling party, and whose financial statements are available to the public. Copies of consolidated financial statements can be obtained from Roma Via Barberini 29 Cap 00187, which is its registered office.

27 Non adjusting events after the financial period

After the year-end, the group converted £4,000,000 of debt owed to the parent company, WWMM Ltd, into equity by issuing 3,996,612 shares of £0.01 each.