

Registered number: 3788221

True Manufacturing UK Limited
Unaudited
Directors' report and financial statements
For the Year Ended 31 December 2016



True Manufacturing UK Limited

Company Information

Directors	J B Bechtold J W Thomasson S L Trulaske
Company secretary	S L Trulaske
Registered number	3788221
Registered office	Fields End Road Goldthorpe Rotherham South Yorkshire S63 9EU

True Manufacturing UK Limited

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True Manufacturing UK Limited

**Directors' report
For the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity and review of the business

The principal activity of the company during the year was the distribution of commercial refrigerated units. The company expects to continue in its main activity of distribution of commercial refrigerated units for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to \$4,090,452 (2015 - \$4,377). The directors do not recommend a final dividend (2015 - \$Nil).

Going concern

The financial statements have been prepared on the going concern basis as the parent undertaking has agreed to defer payment of intercompany liabilities and provide sufficient funds for the company to meet its external liabilities as they fall due for a period of at least one year from the date of signing of the financial statements.

Political contributions

There were no political or charitable donations made during the year.

Directors

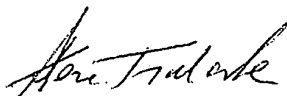
The directors who served during the year were:

J B Bechtold
J W Thomasson
S L Trulaske

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 2 October, 2017 and signed on its behalf.



**S L Trulaske
Secretary**

True Manufacturing UK Limited

**Statement of comprehensive income
For the Year Ended 31 December 2016**

	Note	2016 \$	2015 \$
Turnover	1	7,757,515	6,506,978
Cost of sales		(6,259,316)	(5,042,455)
Gross profit		<u>1,498,199</u>	<u>1,464,523</u>
Administrative expenses		(1,240,517)	(1,412,480)
Net gain/(loss) on sale of tangible fixed assets		(1,253)	(3,894)
Exceptional other operating income	3	4,877,905	-
Operating profit	4	<u>5,134,334</u>	<u>48,149</u>
Interest receivable and similar income		-	68
Foreign exchange movement on tax payments		7,155	-
Profit before tax		<u>5,141,489</u>	<u>48,217</u>
Tax on profit on ordinary activities	5	(1,051,037)	(43,840)
Profit for the financial year	13	<u><u>4,090,452</u></u>	<u><u>4,377</u></u>

True Manufacturing UK Limited
Registered number:3788221

Balance sheet
As at 31 December 2016

	Note	2016 \$	2015 \$
Fixed assets			
Tangible assets	6	5,120,815	5,281,220
		<u>5,120,815</u>	<u>5,281,220</u>
Current assets			
Stocks	7	2,211,539	2,641,262
Debtors: amounts falling due after more than one year	8	190,675	190,675
Debtors: amounts falling due within one year	8	1,577,754	1,351,439
Cash at bank and in hand		899,314	242,251
		<u>4,879,282</u>	<u>4,425,627</u>
Creditors: amounts falling due within one year	9	(13,766,021)	(17,554,020)
Net current liabilities		<u>(8,886,739)</u>	<u>(13,128,393)</u>
Total assets less current liabilities		<u>(3,765,924)</u>	<u>(7,847,173)</u>
Provisions for liabilities			
Deferred government grant income		312,851	322,054
		<u>(312,851)</u>	<u>(322,054)</u>
Net liabilities		<u>(4,078,775)</u>	<u>(8,169,227)</u>
Capital and reserves			
Called up share capital	12	3	3
Profit and loss account	13,14	(4,078,778)	(8,169,230)
Shareholders' deficit	14	<u>(4,078,775)</u>	<u>(8,169,227)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

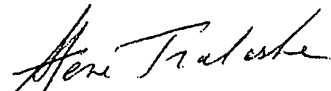
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

True Manufacturing UK Limited
Registered number:3788221

Balance sheet (continued)
As at 31 December 2016

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



2 October, 2017

S L Trulaske
Director

The notes on pages 5 to 14 form part of these financial statements.

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

1. Accounting policies

1.1 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standard Section 1A of FRS 102, 'The Financial Reporting Standards applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities)', and the Companies Act 2006.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has transitioned from previous UK GAAP to Section 1A of FRS 102 as at 1 January 2014. This has had no impact on the reported financial position and financial performance of the company.

The following principal accounting policies have been applied:

1.3 Going concern

The financial statements have been prepared on the going concern basis as the parent undertaking has agreed to defer payment of intercompany liabilities and provide sufficient funds for the company to meet its external liabilities as they fall due for a period of at least one year from the date of signing the financial statements.

1.4 Turnover

Turnover which is stated net of value added tax and trade discounts, represents amounts invoiced to related companies in respect of goods and services supplied during the year.

1.5 Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Depreciation is provided on the following basis:

Long leasehold property	- 50 years
Plant & machinery	- 3 to 15 years
Equipment	- 3 to 10 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

1. Accounting policies (continued)

1.6 Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual installments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition, as follows:

Consumables and spare parts	- purchase cost on a first-in, first-out basis.
Finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.8 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9 Foreign currencies

The company's functional currency is the US Dollar. Accordingly, the directors believe it is more appropriate to represent the financial statements in that currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities dominated in currencies other than the US Dollar are retranslated at the rate of exchange ruling at the balance sheet date. All exchange gains or losses shall be taken to the profit and loss account as part of profit or loss from the year from ordinary activities.

1.10 Pensions

The company operated a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

True Manufacturing UK Limited

Notes to the financial statements
For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.11 Financial instruments (continued)

third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

True Manufacturing UK Limited

Notes to the financial statements
For the Year Ended 31 December 2016

2. Turnover

Turnover is attributable to one continuing activity, the distribution of commercial refrigerated units and spares, and arises within the United Kingdom.

3. Exceptional items

	2016 \$	2015 \$
NPower settlement	(4,877,905)	-
	<u>(4,877,905)</u>	<u>-</u>

4. Operating profit

The operating profit is stated after charging:

	2016 \$	2015 \$
Depreciation of tangible fixed assets -owned by the company	208,801	207,713
Directors' emoluments	-	12,227
Pension costs	18,443	19,069
Government grants released relating to fixed assets	(9,203)	(9,202)
	<u></u>	<u></u>

During the year no directors remuneration was paid (2015 - \$Nil).

True Manufacturing UK Limited

Notes to the financial statements
For the Year Ended 31 December 2016

5. Taxation

	2016 \$	2015 \$
Corporation tax		
Current tax on profits for the year	1,054,540	46,661
Adjustments in respect of previous periods	38	5,721
	<u>1,054,578</u>	<u>52,382</u>
Total current tax	<u>1,054,578</u>	<u>52,382</u>
Deferred tax		
Origination and reversal of timing differences	(4,606)	(6,900)
Effects of changes to tax rates	-	832
Adjustments in respect of previous periods	1,065	(2,474)
Total deferred tax	<u>(3,541)</u>	<u>(8,542)</u>
Taxation on profit on ordinary activities	<u>1,051,037</u>	<u>43,840</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 \$	2015 \$
Profit on ordinary activities before tax	<u>5,141,489</u>	<u>48,217</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	1,028,297	9,764
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23,068	29,997
Tax rate changes	1,065	832
Adjustments to tax charge in respect of prior periods	38	3,247
Non-taxable income	(1,431)	-
Total tax charge for the year	<u>1,051,037</u>	<u>43,840</u>

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

5. Taxation (continued)

Factors that may affect future tax charges

The standard rate of corporation tax in the United Kingdom for the year is 20% (2015: 20.25%). Finance Act 2015 enacted a reduction in the main rate of corporation tax to 19% with effect from 1 April 2017, and Finance Act 2016 enacted a further reduction to 17% with effect from 1 April 2020. Deferred tax has therefore been provided at a rate of 17% since this was substantively enacted at the balance sheet date.

Deferred tax assets of \$476 and deferred tax liabilities of \$3,582 are expected to unwind within the next 12 months.

6. Tangible fixed assets

	L/Term Leasehold Property \$	Plant & machinery \$	Total \$
Cost or valuation			
At 1 January 2016	8,602,802	1,128,733	9,731,535
Additions	7,547	-	7,547
Disposals	-	35,603	35,603
At 31 December 2016	<u>8,610,349</u>	<u>1,164,336</u>	<u>9,774,685</u>
Depreciation			
At 1 January 2016	3,663,594	786,721	4,450,315
Charge for the year	162,022	41,534	203,556
At 31 December 2016	<u>3,825,616</u>	<u>828,255</u>	<u>4,653,871</u>
Net book value			
At 31 December 2016	<u>4,784,733</u>	<u>336,081</u>	<u>5,120,814</u>
At 31 December 2015	<u>4,939,208</u>	<u>342,012</u>	<u>5,281,220</u>

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

7. Stocks

	2016 \$	2015 \$
Raw materials and consumables	530,162	616,488
Finished goods and goods for resale	1,681,378	2,024,774
	<u>2,211,540</u>	<u>2,641,262</u>

8. Debtors

	2016 \$	2015 \$
Due after more than one year		
Deposit held with supplier	190,675	190,675
	<u>190,675</u>	<u>190,675</u>
Due within one year		
Amounts owed by group undertakings	1,556,058	1,223,519
Other debtors	11,425	121,190
Deferred taxation	10,271	6,730
	<u>1,577,754</u>	<u>1,351,439</u>

9. Creditors: Amounts falling due within one year

	2016 \$	2015 \$
Trade creditors	98,626	122,802
Amounts owed to group undertakings	12,480,770	17,244,793
Corporation tax	1,054,571	46,661
Other taxation and social security	75,639	61,761
Other creditors	56,415	78,003
	<u>13,766,021</u>	<u>17,554,020</u>

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

10. Deferred taxation

	2016 \$	2015 \$
At beginning of year	(6,730)	1,812
Charge for the year (P&L)	-	(2,474)
Adjustment in respect of prior years	(3,541)	(6,068)
Other	1	-
	<u>(10,270)</u>	<u>(6,730)</u>

The deferred taxation balance is made up as follows:

	2016 \$	2015 \$
Accelerated capital allowance	44,966	52,263
Short term timing differences	(55,236)	(58,993)
	<u>(10,270)</u>	<u>(6,730)</u>

11. Accruals and deferred income

	Deferred government grants \$
At 1 January 2016	322,054
Released during the year	(9,203)
At 31 December 2016	<u>312,851</u>

Deferred government grants

The deferred government grants relate to the implementation of a manufacturing facility.

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

12. Share capital

	2016 \$	2015 \$
Shares classified as equity		
Allotted, called up and fully paid		
3 Ordinary shares of \$1 each	<u>3</u>	<u>3</u>

13. Reserves

	Profit and loss account \$
At 1 January 2016	(8,169,230)
Profit for the financial year	4,090,452
At 31 December 2016	<u><u>(4,078,778)</u></u>

14. Reconciliation of movement in shareholder's deficit

	2016 \$	2015 \$
Opening shareholders' deficit	(8,169,227)	(8,173,604)
Profit for the financial year	4,090,452	4,377
	<u><u>(4,078,775)</u></u>	<u><u>(8,169,227)</u></u>

15. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to \$18,443 (2015 - \$19,069). Contributions totaling \$12,067 (2015 - \$5,685) were payable to the fund at the balance sheet date and are included in other creditors.

True Manufacturing UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2016**

16. Related party transactions

During the year the company received amounts from related companies, True Manufacturing Co, Inc., True Food International UK, True Food Service Equipment, Inc and True Food International, Inc to provide working capital for the company. At 31 December 2016 the balance due to True Manufacturing Co, Inc. was \$5,248,188 (2015 - \$3,682,135), due to True Food International UK was \$6,483,830 (2015 - \$13,052,882), due to True Food Service Equipment, Inc. was \$495,368 (2015 - \$453,300) and due to True Food International, Inc was \$300,045 (2015 - \$58,793).

All sales are made to related companies. At 31 December 2015 the balance due from True Western Inc was \$832,352 (2015 - \$829,044), due from True Sales Co, Inc was \$336,710 (2015 - \$335,610), due from True Food International - Australia Pty Ltd was \$5,238 (2015 - \$4,542), due from True Food International Germany GmbH was \$69,836 (2015 - \$54,057) and due from True Residential, LLC was \$266 (2015 - \$266).

17. Controlling party

The directors consider the immediate parent undertaking, ultimate parent undertaking and controlling party to be True UK LLC, a company registered in the United States of America. True UK LLC heads the largest and smallest group in which the results of the company as consolidated. Copies of the financial statements of the parent undertaking are not available for public viewing.

18. First time adoption of FRS 102

There was no impact on the first time adoption of FRS 102 1A.