

Registered number: 03788221

True Refrigeration UK Limited

Unaudited

Directors' report and financial statements

For the Year Ended 31 December 2019

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True Refrigeration UK Limited

Company Information

Directors	J B Bechtold J W Thomasson S L Trulaske
Company secretary	S L Trulaske
Registered number	03788221
Registered office	Fields End Road Goldthorpe Rotherham South Yorkshire S63 9EU

True Refrigeration UK Limited

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True Refrigeration UK Limited

**Directors' report
For the Year Ended 31 December 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

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 \$149,774 (2018 - \$581,813).

The directors do not recommend a final dividend (2018 - \$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.

Directors

The directors who served during the year were:

J B Bechtold
J W Thomasson
S L Trulaske

Political contributions


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

Small companies note

The directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a strategic report.

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 September 3, 2020 and signed on its behalf.


S L Trulaske
Secretary

True Refrigeration UK Limited

**Statement of comprehensive income
For the Year Ended 31 December 2019**

	Note	2019 \$	2018 \$
Turnover	2	7,353,484	8,438,221
Cost of sales		(3,741,682)	(5,019,544)
Gross profit		3,611,802	3,418,677
Administrative expenses		(3,464,477)	(3,220,143)
Net gain on sale of tangible fixed assets		192	7,835
Operating profit	3	147,517	206,369
Miscellaneous expenses		13,697	349,598
Interest payable and expenses		(2,480)	(588)
Profit before tax		158,734	555,379
Tax on profit	4	(8,960)	26,434
Profit for the financial year		149,774	581,813

The notes on pages 7 to 15 form part of these financial statements.

True Refrigeration UK Limited
Registered number:03788221

Balance sheet
As at 31 December 2019

	Note	2019 \$	2018 \$
Fixed assets			
Tangible assets	5	4,737,136	5,030,392
		<u>4,737,136</u>	<u>5,030,392</u>
Current assets			
Stocks	6	4,399,933	4,213,788
Debtors: amounts falling due after more than one year	7	190,675	190,675
Debtors: amounts falling due within one year	7	17,252,388	17,172,988
Cash at bank and in hand		449,617	930,485
		<u>22,292,613</u>	<u>22,507,936</u>
Creditors: amounts falling due within one year	8	(28,935,912)	(29,585,063)
Net current liabilities		<u>(6,643,299)</u>	<u>(7,077,127)</u>
Total assets less current liabilities		<u>(1,906,163)</u>	<u>(2,046,735)</u>
Provisions for liabilities			
Accruals and deferred income	11	(285,245)	(294,447)
		<u>(285,245)</u>	<u>(294,447)</u>
Net liabilities		<u><u>(2,191,408)</u></u>	<u><u>(2,341,182)</u></u>
Capital and reserves			
Called up share capital	10	3	3
Profit and loss account		(2,191,411)	(2,341,185)
Total equity		<u><u>(2,191,408)</u></u>	<u><u>(2,341,182)</u></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 the 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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

True Refrigeration UK Limited
Registered number:03788221

Balance sheet (continued)
As at 31 December 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on September 3, 2020.



S L Trulaske
Director

The notes on pages 7 to 15 form part of these financial statements.

True Refrigeration UK Limited

**Statement of changes in equity
For the Year Ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2019	3	(2,341,185)	(2,341,182)
Comprehensive income for the year			
Profit for the year	-	149,774	149,774
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	149,774	149,774
At 31 December 2019	<u>3</u>	<u>(2,191,411)</u>	<u>(2,191,408)</u>

The notes on pages 7 to 15 form part of these financial statements.

True Refrigeration UK Limited

**Statement of changes in equity
For the Year Ended 31 December 2018**

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
As restated at 1 January 2018	3	(2,922,998)	(2,922,995)
Comprehensive income for the year			
Profit for the year	-	581,813	581,813
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	581,813	581,813
At 31 December 2018	3	(2,341,185)	(2,341,182)

The notes on pages 7 to 15 form part of these financial statements.

True Refrigeration UK Limited

Notes to the financial statements For the Year Ended 31 December 2019

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

True Refrigeration UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2019**

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.

True Refrigeration UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer 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.

True Refrigeration UK Limited

Notes to the financial statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Turnover

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

3. Operating profit

The operating profit is stated after charging:

	2019	2018
	\$	\$
Depreciation of tangible fixed assets	259,487	250,468
Defined contribution pension costs	59,547	46,416
Government grants released related to fixed assets	(9,202)	(9,202)

True Refrigeration UK Limited

Notes to the financial statements
For the Year Ended 31 December 2019

4. Taxation

	2019 \$	2018 \$
Corporation tax		
Adjustments in respect of previous periods	(19,276)	3,633
	<u>(19,276)</u>	<u>3,633</u>
Total current tax	<u>(19,276)</u>	<u>3,633</u>
Deferred tax		
Origination and reversal of timing differences	11,806	(28,399)
Adjustment in respect of previous periods	17,673	(3,067)
Effect of changes in tax rates	(1,243)	1,399
Total deferred tax	<u>28,236</u>	<u>(30,067)</u>
Taxation on profit	<u>8,960</u>	<u>(26,434)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 \$	2018 \$
Profit before tax	<u>158,734</u>	<u>555,379</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	30,159	105,522
Effects of:		
Expenses not deductible	43,513	51,141
Tax rate changes	(1,243)	1,399
Adjustments to tax charge in respect of prior periods	(1,603)	566
Transfer of TFI	-	(15,103)
Non-taxable income	(949)	-
Deferred tax not provided	(60,917)	(169,959)
Total tax charge for the year	<u>8,960</u>	<u>(26,434)</u>

True Refrigeration UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2019**

4. Taxation (continued)

Factors that may affect future tax charges

The Company's profits for this accounting period are taxed at a rate of 19%. The standard rate of Corporation Tax was due to fall further to 17% with effect from 1 April 2020 and therefore closing deferred tax balances are stated at 17%. It was announced in the UK Budget on 11 March 2020 that the reduction to 17% would not take place and that the rate would remain at 19%. However, this change was not substantively enacted until 17 March 2020 which was after the balance sheet date and as such deferred tax balances continue to be recognised at 17%

The company has an unrecognised deferred tax asset relating to on tax losses of \$1,520,492 that have not been recognised due to the uncertainty of when there will be suitable taxable profits against which these can be offset.

5. Tangible fixed assets

	Long-Term Leasehold Property \$	Plant & machinery \$	Total \$
Cost or valuation			
At 1 January 2019	8,707,241	1,499,761	10,207,002
Disposals	-	(56,278)	(56,278)
At 31 December 2019	<u>8,707,241</u>	<u>1,443,483</u>	<u>10,150,724</u>
Depreciation			
At 1 January 2019	4,316,392	860,218	5,176,610
Charge for the year on owned assets	156,468	103,019	259,487
Disposals	-	(22,509)	(22,509)
At 31 December 2019	<u>4,472,860</u>	<u>940,728</u>	<u>5,413,588</u>
Net book value			
At 31 December 2019	<u>4,234,381</u>	<u>502,755</u>	<u>4,737,136</u>
At 31 December 2018	<u>4,390,849</u>	<u>639,543</u>	<u>5,030,392</u>

True Refrigeration UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2019**

6. Stocks

	2019 \$	2018 \$
Raw materials and consumables	2,010,634	1,931,540
Finished goods and goods for resale	2,389,299	2,282,248
	<u>4,399,933</u>	<u>4,213,788</u>

7. Debtors

	2019 \$	2018 \$
Due after more than one year		
Deposit held with supplier	190,675	190,675
	<u>190,675</u>	<u>190,675</u>

	2019 \$	2018 \$
Due within one year		
Trade debtors	17,093,710	17,032,676
Other debtors	158,678	112,074
Deferred taxation	-	28,238
	<u>17,252,388</u>	<u>17,172,988</u>

8. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	411,960	448,668
Amounts owed to group undertakings	28,364,078	29,001,558
Corporation tax	(55,157)	(36,234)
Other creditors	116,404	68,992
Accruals and deferred income	98,627	102,079
	<u>28,935,912</u>	<u>29,585,063</u>

True Refrigeration UK Limited

**Notes to the financial statements
For the Year Ended 31 December 2019**

9. Deferred taxation

	2019 \$	2018 \$
At beginning of year	28,238	(1,830)
Charged to profit or loss	(10,565)	11,897
Movement arising from the transfer of trade	-	15,104
Adjustment in respect of prior years	(17,673)	3,067
At end of year	<u>-</u>	<u>28,238</u>

The deferred tax asset is made up as follows:

	2019 \$	2018 \$
Fixed asset timing differences	(38,009)	(35,322)
Short term timing differences	38,009	51,418
Losses	-	12,142
	<u>-</u>	<u>28,238</u>

10. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
3 (2018 - 3) Ordinary shares of \$1.00 each	<u>3</u>	<u>3</u>

True Refrigeration UK Limited

Notes to the financial statements
For the Year Ended 31 December 2019

11. Accruals and deferred income

	Deferred government grants \$
At 1 January 2019	294,447
Released to profit and loss	(9,202)
At 31 December 2019	285,245

Deferred government grants

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

12. 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 \$59,547 (2018 - \$46,416). Contributions totaling \$9,457 (2018 - \$17,032) were payable to the fund at the balance sheet date and are included in other creditors.

13. 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 2019 the balance due to True Manufacturing Co, Inc. was \$21,166,268 (2018 - \$22,380,378), due to True Refrigeration Europe GmbH-Germany \$2,292,021 (2018 - due from \$1,715,247).

All sales are made to related companies. At 31 December 2019 the balance due from True Refrigeration Australia \$16,726 (2018 - \$16,584).

14. 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.