

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Unaudited

Directors' report and financial statements

For the Year Ended 31 December 2017

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True Refrigeration UK Limited (formally True Manufacturing 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 (formally True Manufacturing UK Limited)

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True Refrigeration UK Limited (formally True Manufacturing UK Limited)

**Directors' report
For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

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 \$1,367,086 (2016 - \$4,090,452).

The directors do not recommend a final dividend (2016 - \$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

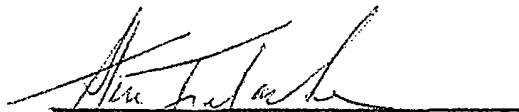
Political contributions

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

Small companies note

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 28 September, 2018 and signed on its behalf.


S L Trulaske
Secretary

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Statement of comprehensive income
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Turnover	2	14,651,662	7,757,515
Cost of sales		(11,576,616)	(6,259,316)
Gross profit		3,075,046	1,498,199
Administrative expenses		(1,367,105)	(1,240,517)
Net gain/(loss) on sale of tangible fixed assets		20	(1,253)
Exceptional other operating income	3	-	4,877,905
Operating profit	4	1,707,961	5,134,334
Interest payable and expenses		(477)	-
Foreign exchange movement on tax payments		-	7,155
Profit before tax		1,707,484	5,141,489
Tax on profit	5	(340,398)	(1,051,037)
Profit for the financial year		1,367,086	4,090,452

The notes on pages 7 to 16 form part of these financial statements.

True Refrigeration UK Limited (formally True Manufacturing UK Limited)
Registered number:03788221

Balance sheet
As at 31 December 2017

	Note	2017 \$	2016 \$
Fixed assets			
Tangible assets	6	5,224,499	5,120,814
		<u>5,224,499</u>	<u>5,120,814</u>
Current assets			
Stocks	7	4,759,881	2,211,540
Debtors: amounts falling due after more than one year	8	190,675	190,675
Debtors: amounts falling due within one year	8	4,949,722	1,577,754
Cash at bank and in hand		699,263	899,314
		<u>10,599,541</u>	<u>4,879,283</u>
Creditors: amounts falling due within one year	9	(18,193,442)	(13,766,021)
Net current liabilities		<u>(7,593,901)</u>	<u>(8,886,738)</u>
Total assets less current liabilities		<u>(2,369,402)</u>	<u>(3,765,924)</u>
Provisions for liabilities			
Deferred tax	10	(1,830)	-
Deferred government grant income	14	(340,457)	(312,851)
		<u>(342,287)</u>	<u>(312,851)</u>
Net liabilities		<u><u>(2,711,689)</u></u>	<u><u>(4,078,775)</u></u>
Capital and reserves			
Called up share capital	11	3	3
Profit and loss account		(2,711,692)	(4,078,778)
Shareholders' deficit		<u><u>(2,711,689)</u></u>	<u><u>(4,078,775)</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 Companies Act 2006.

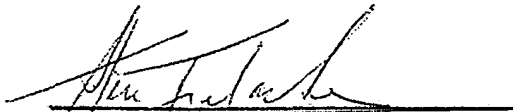
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 September, 2018

True Refrigeration UK Limited (formally True Manufacturing UK Limited)
Registered number:03788221

Balance sheet (continued)
As at 31 December 2017



S.L. Trulaske
Director

The notes on pages 7 to 16 form part of these financial statements.

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Statement of changes in equity
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2017	3	(4,078,778)	(4,078,775)
Comprehensive income for the year			
Profit for the year	-	1,367,086	1,367,086
Total comprehensive income for the year	-	1,367,086	1,367,086
At 31 December 2017	<u>3</u>	<u>(2,711,692)</u>	<u>(2,711,689)</u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Statement of changes in equity
For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1-January 2016	3	(8,169,230)	(8,169,227)
Comprehensive income for the year			
Profit for the year	-	4,090,452	4,090,452
Total comprehensive income for the year	-	4,090,452	4,090,452
At 31 December 2016	<u>3</u>	<u>(4,078,778)</u>	<u>(4,078,775)</u>

The notes on pages 7 to 16 form part of these financial statements.

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

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 (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

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.

Notes to the financial statements
For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.11 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 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 the 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.

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.12 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.

1.13 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.

1.14 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.

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

	2017 \$	2016 \$
NPower settlement	-	(4,877,905)
	<u>-</u>	<u>(4,877,905)</u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

**Notes to the financial statements
For the Year Ended 31 December 2017**

4. Operating profit

The operating profit is stated after charging:

	2017	2016
	\$	\$
Depreciation of tangible fixed assets	224,127	208,801
Defined contribution pension cost	21,880	18,443
Government grants released related to fixed assets	(9,202)	(9,203)
	<u>224,127</u>	<u>208,801</u>

During the year no directors remuneration was paid (2016 - \$Nil).

5. Taxation

	2017	2016
	\$	\$
Corporation tax		
Current tax on profits for the year	322,396	1,054,540
Adjustments in respect of previous periods	5,901	38
	<u>328,297</u>	<u>1,054,578</u>
Total current tax	<u>328,297</u>	<u>1,054,578</u>
Deferred tax		
Origination and reversal of timing differences	7,086	(4,606)
Effects of changes to tax rates	5,843	-
Adjustments in respect of previous periods	(828)	1,065
	<u>12,101</u>	<u>(3,541)</u>
Total deferred tax	<u>12,101</u>	<u>(3,541)</u>
Taxation on profit on ordinary activities	<u>340,398</u>	<u>1,051,037</u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 \$	2016 \$
Profit on ordinary activities before tax	1,707,484	5,141,489
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	328,632	1,028,297
Effects of:		
Expenses not deductible	23,080	23,068
Tax rate changes	(828)	1,065
Adjustments to tax charge in respect of prior periods	11,744	38
Non-taxable income	(22,230)	(1,431)
Total tax charge for the year	340,398	1,051,037

Factors that may affect future tax charges

The standard rate of corporation tax in the United Kingdom for the year is 19.25% (2016: 20%). 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.

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

6. Tangible fixed assets

	L/Term Leasehold Property \$	Plant & machinery \$	Total \$
Cost or valuation			
At 1 January 2017	8,597,527	1,164,336	9,761,863
Additions	96,892	19,614	116,506
Disposals	-	(17,919)	(17,919)
At 31 December 2017	<u>8,694,419</u>	<u>1,166,031</u>	<u>9,860,450</u>
Depreciation			
At 1 January 2017	3,812,794	828,255	4,641,049
Charge for the year on owned assets	175,516	48,611	224,127
Disposals	-	(229,225)	(229,225)
At 31 December 2017	<u>3,988,310</u>	<u>647,641</u>	<u>4,635,951</u>
Net book value			
At 31 December 2017	<u>4,706,109</u>	<u>518,390</u>	<u>5,224,499</u>
At 31 December 2016	<u>4,784,733</u>	<u>336,081</u>	<u>5,120,814</u>

7. Stocks

	2017 \$	2016 \$
Raw materials and consumables	2,396,990	530,162
Finished goods and goods for resale	2,362,891	1,681,378
	<u>4,759,881</u>	<u>2,211,540</u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

8. Debtors

	2017 \$	2016 \$
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		
Trade debtors	4,938,012	1,556,058
Other debtors	11,710	11,425
Deferred taxation	-	10,271
	<u>4,949,722</u>	<u>1,577,754</u>

9. Creditors: Amounts falling due within one year

	2017 \$	2016 \$
Trade creditors	143,939	98,626
Amounts owed to group undertakings	16,944,768	12,480,770
Corporation tax	202,335	1,054,571
Other taxation and social security	830,555	75,639
Other creditors	71,845	56,415
	<u>18,193,442</u>	<u>13,766,021</u>

10. Deferred taxation

	2017 \$	2016 \$
At beginning of year	(10,271)	(6,730)
Charged to profit or loss	6,258	(3,541)
Utilised in year	5,843	-
At end of year	<u>1,830</u>	<u>(10,271)</u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

**Notes to the financial statements
For the Year Ended 31 December 2017**

10. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 \$	2016 \$
Accelerated capital allowances	54,682	44,966
Tax losses carried forward	(52,852)	(55,237)
	<u>1,830</u>	<u>(10,271)</u>

11. Share capital

	2017 \$	2016 \$
Allotted, called up and fully paid		
3 Ordinary shares of \$1 each	<u>3</u>	<u>3</u>

12. Reserves

	Profit and loss account \$
At 1 January 2017	(4,078,778)
Profit for the financial year	448,754
At 31 December 2017	<u><u>(3,630,024)</u></u>

13. Reconciliation of movement in shareholder's deficit

	2017 \$	2016 \$
Opening shareholders' deficit	(4,078,775)	(8,169,227)
Profit for the financial year	448,754	4,090,452
	<u><u>(3,630,021)</u></u>	<u><u>(4,078,775)</u></u>

True Refrigeration UK Limited (formally True Manufacturing UK Limited)

Notes to the financial statements
For the Year Ended 31 December 2017

14. Accruals and deferred income

	Deferred government grants \$
At 1 January 2017	312,851
Charged to profit or loss	27,606
At 31 December 2017	<u>340,457</u>

Deferred government grants

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

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 \$21,880 (2016 - \$18,443). Contributions totaling \$16,088 (2016 - \$12,067) were payable to the fund at the balance sheet date and are included in other creditors.

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 2017 the balance due to True Manufacturing Co, Inc. was \$16,138,290 (2016 - \$5,248,188), due to True Food Service Equipment, Inc. was \$496,738 (2016 - \$495,368) and due to True Food International, Inc was \$325,239 (2016 - \$300,045).

All sales are made to related companies. At 31 December 2017 the balance due from True Food International UK was \$3,692,617, due from True Western Inc was \$832,352 (2016 - \$832,352), due from True Sales Co, Inc was \$336,710 (2016 - \$336,710), due from True Food International – Australia Pty Ltd was \$6,261 (2016 - \$5,238), due from True Food International Germany GmbH was \$69,807 (2016 - \$69,836) and due from True Residential, LLC was \$266 (2016 - \$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 are consolidated. Copies of the financial statements of the parent undertaking are not available for public viewing.