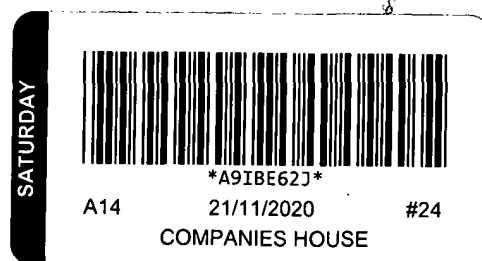


COMPANY REGISTRATION NUMBER 00759572

**MARSHALL THERMO KING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**



# **MARSHALL THERMO KING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

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# MARSHALL THERMO KING LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

<b>Board of directors</b>	F. Laud M. N. Howell
<b>Company secretary</b>	S.J. Moynihan
<b>Registered office</b>	Airport House The Airport Cambridge CB5 8RY
<b>Auditor</b>	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ
<b>Bankers</b>	Barclays Bank Plc 9 - 11 St Andrews Street Cambridge CB2 3AA
<b>Solicitors</b>	Greenwoods Solicitors LLP Monkstone House City Road Peterborough PE1 1JE

# MARSHALL THERMO KING LIMITED

## STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The directors of Marshall Thermo King Limited ("the company") present their Report and Financial Statements containing a Strategic Report, Directors' Report and the financial statements for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the sale, distribution, and service of refrigeration units for commercial vehicles, the service of tail lift equipment, and the provision of contract maintenance and fleet management products.

### KEY PERFORMANCE INDICATORS AND BUSINESS REVIEW

The company's financial performance is assessed primarily by turnover and profit. These are reported in management accounts and reviewed regularly at board of directors and other management meetings.

	2019	2018
Turnover (£000's)	52,966	47,443
Gross margin as a % of sales	20.9%	20.9%
Operating loss before exceptional items (£000's)	(1,162)	(1,417)
Loss before tax (£000's)	(1,476)	(1,733)

Whilst the directors are pleased to report another reduction in the loss in 2019, the business continues to experience difficult trading conditions following the result of the EU Referendum in 2016 and the significant impact of Euro exchange rate volatility and economic uncertainty. Although revenues increased as a result of improved volumes of unit sales, margins remain under pressure.

In response to the economic environment, during 2019, the directors implemented a restructuring project in order to improve customer experience by providing regionalised customer support hubs. The board of directors are now satisfied that the main foundations are in place for which the company can grow revenue and improve efficiency.

The loss for the year amounted to £1,221,183 (2018: £1,412,209).

### REPORTING ON SECTION 172

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations also require the company to report how the directors of the company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172") during the financial year.

Section 172 is owed by the directors to the company. In the context of the Group, being Marshall of Cambridge (Holdings) Limited and its subsidiaries (the "Group"), the company's directors owe their duty to the company and not the parent company. Success for a commercial company is often defined as long term value creation. Our directors always consider whether the decision they are about to take leads to a positive long term increase in the value of the company for the benefit of the shareholder.

### Section 172 of the Companies Act 2006

Duty to promote the success of the company

- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to-
  - (a) the likely consequences of any decision in the long term,
  - (b) the interests of the company's employees,
  - (c) the need to foster the company's business relationships with suppliers, customers and others,
  - (d) the impact of the company's operations on the community and the environment,
  - (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
  - (f) the need to act fairly as between members of the company.

# MARSHALL THERMO KING LIMITED

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### REPORTING ON SECTION 172 *(continued)*

#### Section 172 protocol

As part of its Framework, the ultimate parent company of the Group, Marshall of Cambridge (Holdings) Limited, has adopted a Section 172 protocol (the "Protocol"), which provides detailed guidance for directors and management on the application and execution of Section 172 duties across the Group, including the company. The Protocol provides directors and management with a clear process to follow when considering principal decisions, as defined in the Protocol and the Group's annual report and accounts. Responsibility for decision making on these principal decisions is delegated to the board of the Group (the "Group Board"), except where they cannot be delegated under the Act, via the company's terms of reference.

#### Principal decisions

For further details on the process behind principal decisions affecting the company's employees and wider stakeholders, and for the principal decisions made that impact the company's employees and wider stakeholders, please refer to the Section 172 Statement available in the Group's annual report and accounts.

#### Section 172 application

The Group's Framework approach to the application of Section 172, to promote the success of the Group, including the company, regulates the behaviour and activities of the Group Board and the company's board and executive committee. For a summary of activities undertaken, please refer to the Section 172 Statement available in the Group's annual report and accounts.

### FUTURE DEVELOPMENTS

The company's principal activities are expected to remain unchanged in the foreseeable future. Whilst developing its core refrigeration business, the company will continue to develop its "one-stop shop" customer offering by growing its tail lift service and fleet management operations.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative, and financial. The company's exposure to these risks is assessed and controlled by its executive management team which meets on a monthly basis. The company also utilises and participates in the risk management framework of the Group.

#### Competitive Risks

In common with the rest of the haulage industry, the marketplace for the supply and service of commercial vehicle refrigeration solutions remains highly competitive.

The company's risk profile in this dynamic marketplace is managed by its broad customer base which it constantly seeks to expand. The company is also acting to further minimise competitive risks by diversifying its range of service offerings.

# MARSHALL THERMO KING LIMITED

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### FINANCIAL RISK MANAGEMENT

#### Legislative Risks

As with all transportation related companies, the impact of health, safety and environmental issues on both the company's business and its customers' businesses are only going to increase over forthcoming years. To ensure compliance and mitigate risks, the company ensures staff are appropriately trained in health and safety matters and maintains an insurance policy.

In conjunction with Thermo King, for whom the company acts as a dealer, the company aims to provide fuel efficient refrigeration solutions which both minimise environmental impact and reduce operating costs particularly through improved control systems and telematics.

The operation of GPS tracking and satellite navigation systems on the company's fleet of service vehicles has helped to minimise its own fuel use whilst improving incident response times. In addition, the introduction of electronic field communication systems has nearly eliminated the need for paper-based administration whilst vastly improving customer service levels.

#### Financial Risks

The company has developed a risk and financial management framework designed to control and minimise the financial risks facing the business which may be broadly summarised as follows:

##### - Contract risk

Under its contract maintenance products, the company commits to perform all service and repair work on units covered by such agreements for a specified period of time in return for a fixed or RPI linked monthly fee.

The contract risks associated with these arrangements are mitigated by the large pool of units operated under maintenance agreements.

The company has been offering contract maintenance arrangements for many years and has built up a large history of expected spend profiles from which a comprehensive pricing matrix has been developed. This matrix is kept under constant review and is updated when spend profiles indicate a change in expected unit life costs.

##### - Credit risk

Credit risk is minimised by only offering deferred terms to customers who satisfy credit worthiness procedures and demonstrate an appropriate payment history. Credit authorisation and approval procedures are stratified based on the quantum of the credit facilities to be offered.

##### - Liquidity and cash flow risk

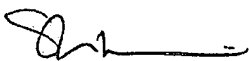
Day to day trading cash flow and liquidity risks relate to the ability to pay for goods and services required by the company to trade. The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements. Under these arrangements, it has access to and shares banking arrangements and facilities with the ultimate parent company and fellow group undertakings.

##### - Foreign exchange risk and use of derivatives

The majority of the company's refrigeration units and spare parts purchases are denominated in Euros.

The company regularly uses forward foreign exchange contracts to reduce its exposure to the variability of foreign exchange rates.

This report was approved by the board of directors on 28 February 2020, and signed on its behalf.



S.J. Moynihan  
Company Secretary

# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

The directors present their Report and Financial Statements of the company for the year ended 31 December 2019.

### RESULTS AND DIVIDENDS

The company made a loss for the year of £1,221,183 (2018: £1,412,209). The directors do not recommend the payment of a dividend (2018: £nil).

### DIRECTORS

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

R. D. Marshall (resigned 24 June 2019)

F. Laud

M. N. Howell

In accordance with the Articles of Association, F. Laud retires by rotation and, being eligible, offers himself for re-election.

At 31 December 2019, F. Laud and M. N. Howell had no interest in the voting share capital of the company or of any other group company during the year.

None of the directors holding office at 31 December 2019 had notified a beneficial interest in any contract to which the company or its fellow group undertakings were a party during the financial year.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The ultimate parent company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report and financial statements.

### GOING CONCERN

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out on pages 2 to 4 in the Strategic Report.

The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the ultimate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent company and fellow group undertakings.

The company has net current liabilities and has received a letter of support from the ultimate parent company.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, given the company's recent losses, net current liabilities and short term group funding, it does rely on its ultimate parent company for continued support, appropriate confirmation of which it has received.

# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### EMPLOYEES

The company is committed to its Equal Opportunities programme covering recruitment and selection, training and development, appraisal and promotion. The company recognises the diversity of its employees, its customers and the community at large and seeks to use employees' talents and abilities to the full. This approach extends to the fair treatment of employees with disabilities in relation to their recruitment, training and development. Full consideration is given to the retention of staff who become disabled during employment.

### EMPLOYEE ENGAGEMENT

Throughout the year, the directors engaged with the company's employees in various ways; to provide information on matters of concern to them as employees, to take into account their views in making decisions likely to affect their interests, to encourage involvement in the company's performance and to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The ultimate parent company, Marshall of Cambridge (Holdings) Limited, ("the Group") has adopted a Section 172 (of the Companies Act 2006 (the "Act")) ("Section 172") protocol (the "Protocol"), which provides detailed guidance for directors and management on the application and execution of Section 172 duties across the Group, including the company. The Protocol provides directors and management with a clear process to follow when considering principal decisions, as defined in the Protocol and the Group's annual report and accounts, that affect employees, amongst others. Responsibility for decision making on these principal decisions is delegated to the Board of the Group, except where they cannot be delegated under the Act, via the company's terms of reference. For further details on the process behind principal decisions affecting employees, and for principal decisions made that impact the company's employees, please refer to the Section 172 Statement available in the Group's annual report and accounts

Employees are informed of information on matters of concern to them as employees through the intranet, the newsletter and team briefs including topics such as general business updates and achievements (internal and external), purpose and values as well as an opportunity to generate understanding and engagement.

In January 2019, the company held its first ever management conference. This was followed in April by a lead engineer conference to drive engagement and where lead technicians and engineers could discuss the future direction of the company with the senior leadership team.

In July, the senior leadership team also conducted a week long depot road trip across the country to meet as many employees and engineers as possible, listening to their experiences, gathering their feedback and identifying areas of further opportunity for growth.

During the year, the company also held executive meetings at each depot inviting local engineers to a dinner to engage with them on a number of relevant topics.

A decision arising from these events, and subsequent discussions with many customers, as well as employees, was to move away from a centralised operating model and put day to day control of customer relationships back to a local level in order to improve customer service. Although this resulted in eleven redundancies at head office in Cambridge, the same number of new positions to replace these roles were recruited at our five depots.

Each dedicated branch has undergone a significant refurbishment programme and, together with the relocation of two existing branches to improved premises in Leeds and Avonmouth, now offers full service and parts support for its customers, covering all the company's product and service portfolio.

During the year, offices became available within one mile of the previous head office location that were able to accommodate head office staff more appropriately and enabled a more professional image of the business to be given to customers and suppliers. This new working environment has been well received by employees and those who have visited the new offices.

The Managing Director has also held regular informal meetings with employees from different departments to update them about progress and so that they can ask any questions of him that they may have. "My MFS", a quarterly newsletter for all staff keeping them apprised of important news within the business, was introduced during the year.



# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### EMPLOYEE ENGAGEMENT *(continued)*

Long term service awards recognising the contribution made by staff have also been introduced by the company.

As part of a significant investment programme, all engineers have been kitted out with a brand-new set of workwear, which highlights the Marshall branding. The workwear is also complemented by a comprehensive set of new PPE equipment, which will be automatically replenished for each engineer during the year.

The company has an employee of the quarter award where nominations are made by peers for outstanding achievement and going "above and beyond". In addition, peer nominations are also made to the Group for its annual Marshall Achievement, Values and Teamwork Awards (MAVTAs) which have become an important tool for recognising and rewarding the amazing contributions made by many of our employees to the business. At the 2019 awards, we saw some 250 finalists and their guests from across all areas of the business gather at the Imperial War Museum, Duxford.

Employees are consulted through an annual survey and feedback provided to employees, as well as further consultation and discussion (with HR representatives) in groups specific to the issues raised by each subsidiary undertaking, including fair deal, well-being, teamwork, manager, CSR, the environment, flexible working, recognition, development, benefits etc. Results of the survey are considered by the board of Marshall of Cambridge (Holdings) Limited and fed back to employees via the company. One of the key initiatives during the year was to improve communication with employees. As a result, in addition to regular briefings and the conferences referred to above, several corporate videos have been produced focussing on engineers and customers and updating head office staff on business performance.

The Group has appointed an independent non-executive director to have responsibility for employee engagement. For further details on his role, please refer to the Group's annual report and accounts.

### STAKEHOLDER ENGAGEMENT

The company is part of the Marshall Group, which is proud to be a private, family owned group, fully committed to maintaining its values and its relationships with its employees, customers, suppliers, shareholders and local communities.

The company aims to build enduring relationships with its customers, partners, suppliers and communities in the areas it operates, as well as its shareholder. The company works with its stakeholders in an honest, respectful and responsible way and seeks to work with others who share the company's commitments to safety, ethics and compliance.

As noted in the employee engagement statement, responsibility for decision making on principal decisions is delegated to the Board of the Group, except where they cannot be delegated, via the company's terms of reference. For further details on the process behind principal decisions affecting stakeholders, and for principal decisions made that impact the company's stakeholders, please refer to the Section 172 Statement available in the Group's annual report and accounts.

During 2018, a new leadership team was established in order to meet the needs of all stakeholders. In December 2018, Mark Howell was appointed as Managing Director. Mark has 33 years of experience in the sector having worked both for competitors and customers. In January 2019, Michael Kane joined as Sales Director with 35 years of experience in the sector and in July 2019, Helen Dyer joined as Head of Human Resources. In October 2019, Les Gillies joined as Operations Director bringing 40 years of relevant experience and an experienced interim Finance Director, John Greenhalgh was appointed. The company's activities affect a wide variety of individuals and organisations. The company engages with these stakeholders and considers their differing needs and priorities.

The company works very closely with its main supplier Thermo King Europe (TKE). Every year TKE measures the performance of its dealers around the world in all aspects of its business. The company has achieved the highest possible level of Platinum status in both sales and aftersales categories, receiving this Double Platinum award recognition from Thermo King for the third consecutive year.

# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### STAKEHOLDER ENGAGEMENT *(continued)*

The company attends events held by TKE including conferences and training as well as dealer events to ensure that its engineers and staff have unrivalled knowledge of their range of refrigerated equipment.

In January 2019, the company held its first ever management conference which also saw presentations from customers. Following feedback from this, as well as informal customer meetings, a decision made was to move away from a centralised operating model and put day to day control of customer relationships back to a local level in order to improve customer service.

During 2019, MTK attended a number of regular events also attended by customers, including the Commercial Vehicle Show in April, providing an opportunity to engage with customers over three days.

A Procurement Project Manager was appointed to rationalise the current supplier list, to engage and build strong, sustainable relationships with the newly established supplier list.

The company has enhanced the safety management system and strengthened the accident prevention culture at all levels across the business. Representatives from the company attended a recent British Frozen Food Federation Working at Heights conference, discussing upcoming potential regulatory changes to the industry.

The move to a regional model also has a positive impact on the environment by reducing the number of miles travelled to an efficient minimum. As part of a significant investment programme, the latest state-of-the-art technology has been introduced throughout the whole of its 160 strong mobile service van fleet and its 30 regionally based static fleet. The decision was also made to cease computerised allocations of jobs to engineers in order to enable local knowledge to ensure the best allocation taking into account customer needs.

The Group continues to support its employees in their volunteering activities in the community. These activities are many and varied, including offering time to charities, air cadets and as school governors, for example. During the year, the company held a photography competition with the proceeds going to the MAGPAS Air Ambulance Helicopter Appeal.

The Marshall Group has operated an apprentice programme since 1920 and MFS currently have five apprentices in training.

The company reports to its ultimate beneficial owner on a regular basis in the form of its financial statements, monthly and quarterly board reports and business reviews, presentations to the board of the Group, review of key strategic bids, business plans and strategic plans as well as risk reporting. The company's strategy is to pursue strategic growth to create long term value for its shareholders.

### CHARITABLE DONATIONS

During the year, the company made no charitable contributions (2018: £nil).

### DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

### FINANCIAL INSTRUMENTS

The company uses forward contracts to manage foreign currency risk. Details of the principal risks are given within the Strategic Report.

### AUDITOR

In accordance with Section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the company.

This report was approved by the board of directors on 28 February 2020, and signed on its behalf.



S.J. Moynihan  
Company Secretary

# MARSHALL THERMO KING LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report, the Directors' 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARSHALL THERMO KING LIMITED**

### **Opinion**

We have audited the financial statements of Marshall Thermo King Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, 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 FRS 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 company's affairs as at 31 December 2019 and of its loss 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's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
MARSHALL THERMO KING LIMITED (continued)**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

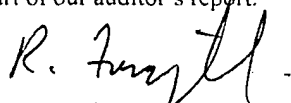
**Auditor's responsibilities for the audit of the financial statements**

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.

**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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Bob Forsyth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge, UK

6 March 2020

# MARSHALL THERMO KING LIMITED

## INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>REVENUE</b>	2	52,965,538	47,442,609
Cost of sales		(41,906,847)	(37,503,889)
<b>GROSS PROFIT</b>		<u>11,058,691</u>	<u>9,938,720</u>
Administrative expenses		(12,268,428)	(11,482,982)
Exceptional items	4	(251,311)	(246,139)
		<u>(12,519,739)</u>	<u>(11,729,121)</u>
Rents received and other operating income		47,927	126,929
<b>OPERATING LOSS</b>	3	<u>(1,413,121)</u>	<u>(1,663,472)</u>
Net interest payable and similar charges	7	(63,210)	(69,203)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1,476,331)</u>	<u>(1,732,675)</u>
Tax on loss on ordinary activities	8	255,148	320,466
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,221,183)</u>	<u>(1,412,209)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses and no changes in equity other than the loss for the current year and loss for the preceding year, as set out above. Therefore, no statement of comprehensive income is presented.

The notes on pages 16 to 27 form part of the Report and Financial Statements.

# MARSHALL THERMO KING LIMITED

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>769,982</u>	<u>537,276</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,094,007	2,813,317
Debtors	11	7,949,693	5,999,830
Cash at bank		<u>78,167</u>	<u>3,410</u>
		10,121,867	8,816,557
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(14,782,878)</u>	<u>(12,047,788)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,661,011)</u>	<u>(3,231,231)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(3,891,029)</u>	<u>(2,693,955)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(349,640)	(338,456)
<b>PROVISIONS</b>	16	(674,925)	(662,000)
<b>NET LIABILITIES</b>		<u>(4,915,594)</u>	<u>(3,694,411)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100,000	100,000
Profit and loss account		<u>(5,015,594)</u>	<u>(3,794,411)</u>
<b>SHAREHOLDER'S DEFICIT</b>		<u>(4,915,594)</u>	<u>(3,694,411)</u>

The Report and Financial Statements were approved by the directors and authorised for issue on 28 February 2020, and are signed on their behalf by:

  
F. Laud  
Director

Company Registration Number: 00759572

The notes on pages 16 to 27 form part of the Report and Financial Statements.



# MARSHALL THERMO KING LIMITED

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss account £	Shareholder's deficit £
At 1 January 2018	100,000	(2,382,202)	(2,282,202)
Loss for the financial year and Total Comprehensive Income	-	(1,412,209)	(1,412,209)
At 1 January 2019	100,000	(3,794,411)	(3,694,411)
Loss for the financial year and Total Comprehensive Income	-	(1,221,183)	(1,221,183)
At 31 December 2019	100,000	(5,015,594)	(4,915,594)

The notes on pages 16 to 27 form part of the Report and Financial Statements.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES

#### a) Statement of compliance

Marshall Thermo King Limited is a private company limited by shares incorporated in England and Wales. The registered office is Airport House, The Airport, Cambridge, CB5 8RY.

The company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") as it applies to the financial statements of the company for the year ended 31 December 2019.

#### b) Basis of preparation

The financial statements of Marshall Thermo King Limited were authorised for issue on 28 February 2020 by the board of directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

#### c) Going concern

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out on pages 2 to 4 in the Strategic Report.

The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the ultimate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent company and fellow group undertakings.

The company has net current liabilities and has received a letter of support from the ultimate parent company.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, given the company's recent losses, net current liabilities and short term group funding, it does rely on its ultimate parent company for continued support, appropriate confirmation of which it has received.

#### d) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4, Statement of Financial Position paragraph 4.12(a)(iv);
- (b) The requirements of Section 7, Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) The requirements of Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A;
- (d) The requirements of Section 26, Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (e) The requirements of Section 33, Related Party Disclosures paragraph 33.7.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES *(continued)*

#### e) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Revenue recognition - Long term maintenance contracts*

Revenue from long term maintenance contracts is recognised over the term of the contracts. The amount of income recognised in each accounting period, and consequently the amount of income deferred at each period end, is based on the level of service costs incurred, modified by management's assessment of contractual maintenance obligations required but not yet performed taking into account historic maintenance profiles.

##### *Revenue recognition - Service and repair activities*

Due to the nature of the company's operations, it is not always possible to obtain customer order numbers in advance of attending incidents and performing repair activities. This is partly due to the need to be responsive, especially in relation to perishable loads, and the requirement for 24/7 operations.

Due to the inherent uncertainty involved in obtaining customer approval post operation, revenue arising from service and repair activities is not recognised until it is probable, which is considered to be the point that a valid customer order number is issued. Incidents for which valid order numbers are not received by the year end are treated as work in progress and carried at cost less any provision estimated to be required for ultimate irrecoverability.

The following is the company's key sources of estimation uncertainty.

##### *Deferred tax*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### *Impairment of non financial assets*

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

##### *Provisions for bad and doubtful debts*

Credit risk, especially in relation to capital (refrigeration unit) sales, is a key financial risk of the business. The provision established for bad and doubtful trade debtors results from a post year end, customer by customer review of uncollected trade receivables informing a management estimate of the appropriate provision requirement.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES *(continued)*

#### *Provision for liabilities*

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate, that reflects current market assessments of the time value of money, and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

#### **D) Accounting policies**

##### **Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

##### *Long term maintenance contracts*

See "Revenue recognition – Long term maintenance contracts" above.

##### *Service and repair activities*

See "Revenue recognition – Service and repair activities" above.

##### *Fleet management*

Fleet management fees are recognised in the accounting period to which they relate which is usually the period in which they are invoiced. Revenue from customer recharges is recognised in the period in which the related job is completed.

##### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold Improvements	5 - 10 years
Plant & Machinery	3 - 5 years
Motor Vehicles	4 years

Depreciation is provided when the assets are available for use.

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

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES *(continued)*

#### **Impairment of non-financial assets**

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying value of the asset is impaired and it is reduced to its recoverable amount through an impairment in the statement of income unless the asset is carried at a revalued amount where the impairment loss of the revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

#### **Stocks**

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

Goods for resale	Purchase price on an average cost basis
Work in progress	Cost of direct materials and direct labour

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

#### **Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate, that reflects current market assessments of the time value of money, and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

#### **Leasing commitments**

Rentals payable under operating leases are charged in the statement of income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

#### **Foreign currencies**

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES *(continued)*

#### **Derivative instruments**

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Changes in the value of derivatives are recognised in profit or loss within administrative expenses.

#### **Pension costs**

Marshall of Cambridge (Holdings) Limited group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the group. The assets of all the schemes are held in separately administered trust funds. For the defined contribution schemes, contributions are charged to the statement of income in the period in which they become payable.

The defined benefit scheme is a group plan. It is not possible for the company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, therefore it accounts for the plan as a defined contribution plan.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that they will be recovered against the reversal of deferred tax liabilities or other taxable profits.

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.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 2. REVENUE

Revenue represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. The revenue and profit before tax are attributable to the principal activities of the company. Revenue recognised in the year is analysed as follows:

	2019 £	2018 £
Sale of goods	22,669,526	18,601,134
Rendering of services (including maintenance contracts)	17,808,690	18,140,890
Fleet management services	12,487,322	10,700,585
	<u>52,965,538</u>	<u>47,442,609</u>

An analysis of revenue by geographical destination is as follows:

	2019 £	2018 £
United Kingdom	51,987,709	47,247,767
Rest of Europe	977,829	194,842
	<u>52,965,538</u>	<u>47,442,609</u>

### 3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of owned tangible fixed assets (see note 9)	283,410	283,976
Operating lease rentals: Land & buildings	483,181	366,620
Foreign exchange differences	(45,533)	27,552
Auditor's remuneration for audit services	36,369	27,333
Profit on disposal of tangible fixed assets	(130)	(31,491)
	<u></u>	<u></u>

### 4. EXCEPTIONAL ITEMS

	2019 £	2018 £
Impairment charges		
Onerous lease (see note 16)	-	(85,265)
	-	(85,265)
Restructuring costs		
Termination costs	251,311	349,921
Onerous leases (see note 16)	-	(18,517)
	<u>251,311</u>	<u>331,404</u>
	<u>251,311</u>	<u>246,139</u>

During the year the company restructured the senior management and customer support functions of its operations. During 2018 the company implemented a restructuring of its senior management teams and closed one of its fixed base operations and released onerous lease provisions taken in earlier years.

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**5. STAFF COSTS**

The average number of staff employed by the company, including executive directors, during the financial year amounted to:

	2019	2018
	No.	No.
Operations staff	175	172
Administrative staff	163	152
	<u>338</u>	<u>324</u>

The aggregate payroll costs of the above were:

	2019	2018
	£	£
Wages and salaries	11,943,784	11,872,465
Social security costs	1,207,155	1,196,902
Pension costs (note 18)	555,432	407,292
	<u>13,706,371</u>	<u>13,476,659</u>

**6. DIRECTORS' REMUNERATION**

R.D. Marshall is a director of the ultimate parent company. F. Laud and M. N. Howell are employees of the ultimate parent company. A management charge of £300,000 (2018: £234,336) in respect of separately identifiable remuneration of directors and related administration costs has been made by Marshall of Cambridge (Holdings) Limited, the ultimate parent company. The management charge also includes a proportion of the directors' emoluments which are not possible to identify separately for directors with shared commitments across the Marshall Group.

**7. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	2019	2018
	£	£
Interest received	(29)	(1,012)
Interest payable to ultimate parent undertaking	53,864	40,370
Other interest	9,375	29,845
	<u>63,210</u>	<u>69,203</u>

**8. TAX ON LOSS ON ORDINARY ACTIVITIES**

**(a) Analysis of credit in the year**

	2019	2018
	£	£
<i>Current tax:</i>		
UK corporation tax based on loss for the year at 19.00% (2018: 19.00%)	(300,580)	(358,716)
Adjustments in respect of prior years	14,256	(57,528)
Total current tax	<u>(286,324)</u>	<u>(416,244)</u>



**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

**8. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

**(a) Analysis of credit in year (continued)**

*Deferred tax:*

	2019 £	2018 £
Origination and reversal of timing differences	41,076	44,796
Adjustments in respect of prior years	(9,900)	50,982
	<u>31,176</u>	<u>95,778</u>
 Tax on loss on ordinary activities	 <u>(255,148)</u>	 <u>(320,466)</u>

**(b) Factors affecting tax charge for the year**

The tax assessed on the loss on ordinary activities for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

	2019 £	2018 £
Loss on ordinary activities before taxation	<u>(1,476,331)</u>	<u>(1,732,675)</u>
Loss on ordinary activities by rate of tax	(280,503)	(329,208)
Expenses not deductible for tax purposes	25,832	20,560
Effect of differences in tax rates	(4,833)	(5,272)
Adjustments in respect of prior years	<u>4,356</u>	<u>(6,546)</u>
Tax on loss on ordinary activities (see note 8(a))	<u>(255,148)</u>	<u>(320,466)</u>

**(c) Factors affecting future tax charge**

Finance (No.2) Act 2015 and Finance Act 2016 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020.

During the year beginning 1 January 2020, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £16,907. This is due to reversal of deferred tax on fixed asset timing differences.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 9. TANGIBLE ASSETS

	Leasehold Improvements £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 January 2019	320,790	4,231,878	542,295	5,094,963
Additions	260,472	255,242	5,663	521,377
Disposals	-	(81,008)	(162,641)	(243,649)
<b>At 31 December 2019</b>	<b>581,262</b>	<b>4,406,112</b>	<b>385,317</b>	<b>5,372,691</b>
<b>DEPRECIATION</b>				
At 1 January 2019	242,936	3,858,416	456,335	4,557,687
Charge for the year	39,869	181,421	62,120	283,410
Disposals	-	(81,008)	(157,380)	(238,388)
<b>At 31 December 2019</b>	<b>282,805</b>	<b>3,958,829</b>	<b>361,075</b>	<b>4,602,709</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2019</b>	<b>298,457</b>	<b>447,283</b>	<b>24,242</b>	<b>769,982</b>
At 31 December 2018	77,854	373,462	85,960	537,276

### 10. STOCKS

	2019 £	2018 £
Work in progress	111,049	130,069
Finished goods	1,982,958	2,683,248
	<b>2,094,007</b>	<b>2,813,317</b>

The difference between purchase price of stocks and their replacement cost is not considered material.

Stocks recognised as an expense in the year were £26,596,574 (2018: £23,144,988).

Finished goods includes an impairment provision of £200,000 (2018: £257,000).

### 11. DEBTORS

	2019 £	2018 £
Trade debtors	6,822,141	4,705,678
Amounts owed by group undertakings	286,324	416,244
Corporation tax recoverable	119,869	119,869
Other debtors	36,793	82,007
Deferred tax asset (see note 12)	239,126	270,302
Prepayments and accrued income	445,440	405,730
	<b>7,949,693</b>	<b>5,999,830</b>

Amounts owed by group undertakings are receivable on demand and are charged at nil interest.

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**12. DEFERRED TAX ASSET**

The movement in the deferred tax asset during the year was:

	2019	2018
	£	£
Balance brought forward	270,302	366,080
Credit to statement of income for the year	(31,176)	(95,778)
Balance carried forward	<u>239,126</u>	<u>270,302</u>

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	223,319	257,617
Other timing differences	<u>15,807</u>	<u>12,685</u>
	<u>239,126</u>	<u>270,302</u>

The company has recognised a deferred tax asset of £239,126 (2018: £270,302) as the Marshall of Cambridge (Holdings) Limited group is expecting to make taxable profits for the foreseeable future, against which the deferred tax asset will be reversed.

**13. CREDITORS: Amounts falling due within one year**

	2019	2018
	£	£
Trade creditors	4,599,308	4,628,653
Bank overdraft	-	15,948
Derivative financial instruments (see note 19)	49,255	53,203
Amounts owed to group undertakings	7,037,791	4,926,757
Other taxes and social security costs	1,902,362	1,440,806
Other creditors	541,393	505,780
Accruals and deferred income	<u>652,769</u>	<u>476,641</u>
	<u>14,782,878</u>	<u>12,047,788</u>

Amounts owed to group undertakings are payable on demand. These amounts include a treasury balance which is charged interest at the rate of the Bank of England plus 0.25%. All other amounts owed to group undertakings are charged at nil interest.

**14. CREDITORS: Amounts falling due after more than one year**

	2019	2018
	£	£
Accruals and deferred income	<u>349,640</u>	<u>338,456</u>

**15. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2019 the company had the following minimum lease payments under non-cancellable operating leases as set out below:

	2019	2018
	£	£
Operating leases which expire:		
- Within 1 year	53,667	68,521
- Between 2 to 5 years	<u>1,110,365</u>	<u>424,781</u>
	<u>1,164,032</u>	<u>493,302</u>

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 16. PROVISIONS FOR LIABILITIES

	Dilapidation costs £	Onerous Lease £	Total £
At 1 January 2019	478,000	184,000	662,000
Provided	296,925	-	296,925
Utilised	(100,000)	(184,000)	(284,000)
At 31 December 2019	<u>674,925</u>	<u>-</u>	<u>674,925</u>

#### *Dilapidation costs*

The company operates from several leasehold premises under full repairing leases. The provision recognises that repairs are required to put the buildings back into the state of repair under the leases. The company expects the provision to be fully utilised by 31 December 2029.

#### *Onerous lease*

The company operates from a number of premises under lease contracts. Where commitments exist at sites which are closed, or closing, the company provides for the unavoidable costs of these leases post closure. The company also provides for the unavoidable costs of meeting the obligations under lease when those obligations exceed the economic benefits expected to be received under it. The provision was fully utilised by 31 December 2019.

### 17. SHARE CAPITAL

Allotted, called up and fully paid:

	2019 £	2018 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

### 18. PENSIONS

The company participates in two of the pension schemes which are operated by Marshall of Cambridge (Holdings) Limited (the "Group") for the benefit of its employees, one of which has elements of both defined benefit and defined contribution, while the other is entirely defined contribution. All of the schemes are funded by the payment of contributions to trustee administered funds which are kept independently from the assets of the Group.

The contribution schemes, which cover 99% of Group scheme members, were established in 1982 and 1988. The total pension cost for the year for the company in respect of defined contribution schemes was £555,432 (2018: £407,292).

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan (the "Plan"). The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The company is therefore accounting for the contributions to the scheme as if it were a contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2018: £nil). As disclosed in the Group financial statements, there is a deficit on the scheme of £2,984,970 (2018: £9,860,075) as calculated in accordance with FRS 102, Section 28. Further disclosures can also be found in the Group's consolidated financial statements.

The total unpaid pension contributions outstanding at the year end, and included in other creditors, amounted to £87,792 (2018: £68,393).

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

### 19. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial liabilities at fair value through profit or loss		
Forward foreign currency contracts	<u>(11,944)</u>	<u>61,745</u>

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair values of assets and liabilities held at fair value through the Income Statement at the balance sheet date are determined using quoted prices.

### 20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 102, Section 33 Related Party Disclosures paragraph 33.1A not to disclose transactions with fellow subsidiary undertakings of the Marshall of Cambridge (Holdings) Limited group.

### 21. CONTINGENT LIABILITY

On 13 February 2019, two employees of the company were injured while carrying out their duties. This incident is currently subject to a Health and Safety Executive investigation, for which the duration and outcome is currently unknown. Whilst no indication or notification of liability against the company has been received to date, should the company be found liable as a result of the authority investigations, it is possible the company will be subject to a fine. It is not practicable at this stage to determine the scale of the fine (if any).

### 22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking and controlling party is Marshall Fleet Solutions Limited.

The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is Marshall of Cambridge (Holdings) Limited, registered in England and Wales, and this is therefore considered to be the ultimate parent company and controlling party.

Copies of these consolidated financial statements can be obtained from Marshall of Cambridge (Holdings) Limited at Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY.