

COMPANY REGISTRATION NUMBER 00759572

**MARSHALL THERMO KING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**



# **MARSHALL THERMO KING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2020**

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# **MARSHALL THERMO KING LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**Board of directors**

F. Laud  
M. N. Howell

**Company secretary**

S.J. Moynihan

**Registered office**

Airport House  
The Airport  
Cambridge  
CB5 8RY

**Auditor**

BDO LLP  
55 Baker Street  
Marylebone  
London  
W1U 7EU

**Bankers**

Barclays Bank Plc  
9 – 11 St Andrews Street  
Cambridge  
CB2 3AA

**Solicitors**

Greenwoods Solicitors LLP  
Monkstone House  
City Road  
Peterborough  
PE1 1JE

# MARSHALL THERMO KING LIMITED

## STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

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 2020.

### 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.

	2020	2019
Turnover (£000's)	45,694	52,966
Gross margin as a % of sales	25.9%	20.9%
Operating profit/(loss) before exceptional items (£000's)	204	(1,162)
Profit/(Loss) before tax (£000's)	57	(1,476)

The directors are pleased to report a return to profit for the company despite the business experiencing difficult trading conditions during the COVID-19 pandemic as well as the significant impact of economic uncertainty. Revenues have decreased as a result of lower volumes of unit sales due to the pandemic but margins and provision of other services have improved due to the restructuring of the business that was predominantly completed in 2019.

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. This has proven successful during 2020 despite the difficult circumstances and the board of directors are now satisfied that the main foundations are in place for which the company can continue to grow revenue and improve efficiency.

The loss for the year after tax amounted to £81,625 (2019: £1,221,183).

### 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 sets out the duties 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 2020

#### 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.

##### Key Stake holders

The key stakeholders have been identified and engagement is ongoing with all relevant parties as referenced in the Directors report. This includes the ultimate parent company, customers, partners, suppliers and communities as well as employees. Employee engagement is referenced further in the Directors report.

##### Principal decisions

The principal decisions taken by the company are made by the Company Board in line with delegated authority from the Group. Examples of key decisions taken in the year include:

##### *Appointment of a dedicated Tail Lift Director*

The tail lift operations in the business are significantly different to manage in comparison to the refrigeration and fleet management areas and the Company Board felt that this area did not get the focus needed to optimise profitability. As such the decision was taken to appoint a dedicated person to sit on the Company Board who could represent the requirements for tail lift and ensure that key business decisions would take these requirements into account. This will benefit customers, suppliers and employees directly related to the tail lift business.

##### *Development of Vision*

The company has taken the decision to develop a new customer portal for key customers across all areas of the business. This will provide those customers with significantly enhanced fleet information including KPIs on performance of their fleet and the Company's service as well as monitoring of work completion around tracking engineers to site and videos of work done. Although started in 2020 this project will not be completed until 2021.

##### 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. Examples of activities undertaken in relation to the ultimate parent company include regular reporting to the Group on performance of the business as well as other ad hoc reports on specific areas of the business. This includes monthly financial reporting as well as forecasting and budgeting with regular update meetings on the company operations.

Activities in relation to employee and other stakeholder engagement are listed in the Directors report.

#### 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.

# MARSHALL THERMO KING LIMITED

## STRATEGIC REPORT (*continued*)

YEAR ENDED 31 DECEMBER 2020

### Competitive risks (*continued*)

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.

### 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. These must comply with legal regulations around use of fluorinated gases for refrigeration.

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 and fleet management 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 under constant review and is updated when spend profiles indicate a change in expected cost of a unit over its lifetime.

##### - 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 26 February 2021 and signed on its behalf.

DocuSigned by:

*Sarah Moynihan*

S.J. Moynihan

Company Secretary

# MARSHALL THERMO KING LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2020

The directors present their Report and Financial Statements of the company for the year ended 31 December 2020.

#### RESULTS AND DIVIDENDS

The company made a loss after tax for the year of £81,625 (2019: £1,221,183). The directors do not recommend the payment of a dividend (2019: £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:

F. Laud

M. N. Howell

At 31 December 2020, 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 2020 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.

For the year ended 31 December 2020 the company generated a post tax loss of £81,625 and at 31 December 2020 had net current liabilities of £4,761,169 and net liabilities of £4,997,219.

The company has net current liabilities and has received a letter of support from the ultimate parent company, outlining that it is the ultimate parent company's current intention to provide financial support for a period of up to 12 months from the date of signing these accounts, to assist the company in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The parent company undertakes to inform the company immediately in the event that circumstances change in a manner such that it would or might no longer be open to the parent company to continue to provide such financial support.

In relation to that support the ultimate parent company has assessed the potential impact of the COVID-19 pandemic and other risks as part of their going concern assessment of the Group. In doing so, the directors have modelled down-side scenarios and stress tests for the Group. These models take account of any mitigating actions and support from the government.

Having assessed these scenarios, the Marshall of Cambridge (Holdings) Limited directors have a reasonable expectation that the Marshall of Cambridge (Holdings) Limited Core Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the company's financial statements and provide support necessary for the company.

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.

## MARSHALL THERMO KING LIMITED

### DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2020

#### GOING CONCERN *(continued)*

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.

#### 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.

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.

The company held its annual management conference in January 2020, but the Covid-19 pandemic has meant face to face meetings throughout the rest of the year have been limited with only one short tour of the business possible in August 2020. Both events were well received, and the Managing Director managed to have dinner with every engineer during the tour.

The company has also instigated monthly management meetings online for all managers across the business to attend. These are used to share information from each department across the business. There have also been weekly online meetings to receive updates from all departments and share any information. In addition, a business update every 2 weeks has been sent to all employees across the company to keep them informed and engaged when face to face visits have not been possible.

The Managing Director has also held regular informal meetings known as "virtual coffee 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, has continued throughout the year.

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

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.

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, regular briefings on an alternate week basis, while social distancing restrictions have been in place, and the conferences referred to above, as well as regular ad hoc initiatives relating to business performance have been in place throughout the year.

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.



## **MARSHALL THERMO KING LIMITED**

### **DIRECTORS' REPORT *(continued)***

#### **YEAR ENDED 31 DECEMBER 2020**

##### **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.

Since 2018, a new leadership team has been 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 Finance Director, Jane Perkins was appointed in April 2020 with the final appointment of Sarah-Jane Whitmore in November 2020 as the Tail Lift Director. 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 levels of recognition from Thermo King in 2020 who have announced a new reward programme which replaces the Platinum status previously awarded. In addition, Marshall Thermo King Limited has been awarded Blue Track Select Dealer by Thermo King a new recognition that is part of the new reward programme.

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.

The company has enhanced the safety management system and strengthened the accident prevention culture at all levels across the business. Other significant improvements to Health & Safety have also been put in place including working at height initiatives and a health and safety tracker.

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 Marshall Group has operated an apprentice programme since 1920 and in 2020 MTK developed its own apprenticeship programme alongside the Group and has had 10 new apprentices start during the year.

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.

## MARSHALL THERMO KING LIMITED

### DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2020

#### 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.

#### AUDITOR

In accordance with Section 388(1) of the Companies Act 2006, BDO LLP were appointed as auditor to fill a casual vacancy.

This report was approved by the board of directors on 26 February 2021 and signed on its behalf.

DocuSigned by:

*Sarah Moynihan*

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S.J. Moynihan

Company Secretary

## **MARSHALL THERMO KING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 DECEMBER 2020**

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.

**MARSHALL THERMO KING LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**MARSHALL THERMO KING LIMITED**  
**YEAR ENDED 31 DECEMBER 2020**

**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 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.

We have audited the financial statements of Marshall Thermo King Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and the related notes, 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).

**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. 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**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## MARSHALL THERMO KING LIMITED

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

YEAR ENDED 31 DECEMBER 2020

#### Other Companies Act 2006 reporting

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

- the information given in the directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 Directors' report and strategic 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, 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## MARSHALL THERMO KING LIMITED

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

YEAR ENDED 31 DECEMBER 2020

#### Auditor's responsibilities for the audit of the financial statements (*continued*)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Marshall Thermo King Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), labour regulations (including Health and Safety regulations) and tax regulations in the United Kingdom.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, including those of the ultimate parent company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement, for example the policy applied to recognition of contract maintenance revenues.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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.

DocuSigned by:



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Mark Cardiff (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
London, UK  
2/26/2021

**MARSHALL THERMO KING LIMITED****INCOME STATEMENT****YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>REVENUE</b>	2	45,694,135	52,965,538
Cost of sales		(33,847,195)	(41,906,847)
<b>GROSS PROFIT</b>		<u>11,846,940</u>	<u>11,058,691</u>
Administrative expenses		(11,881,334)	(12,268,428)
Exceptional items	4	(90,900)	(251,311)
		<u>(11,972,234)</u>	<u>(12,519,739)</u>
Rents received and other operating income		238,120	47,927
<b>OPERATING PROFIT / (LOSS)</b>	3	<u>112,827</u>	<u>(1,413,121)</u>
Net interest payable and similar charges	7	(56,261)	(63,210)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>56,566</u>	<u>(1,476,331)</u>
Tax on (profit) / loss on ordinary activities	8	(138,191)	255,148
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(81,625)</u>	<u>(1,221,183)</u>

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

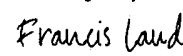
The company has no recognised gains or losses and no changes in equity other than the loss for the current year and loss for the preceding year, as set out above. Therefore, no statement of comprehensive income is presented.

The notes on pages 16 to 28 form part of the Report and Financial Statements.

**MARSHALL THERMO KING LIMITED****STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>646,263</u>	<u>769,982</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,860,744	2,094,007
Debtors	11	6,512,352	7,949,693
Cash at bank		<u>68,332</u>	<u>78,167</u>
		9,441,428	10,121,867
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(14,202,597)</u>	<u>(14,782,878)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,761,169)</u>	<u>(4,661,011)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(4,114,906)</u>	<u>(3,891,029)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(383,825)	(349,640)
<b>PROVISIONS</b>	16	(498,488)	(674,925)
<b>NET LIABILITIES</b>		<u>(4,997,219)</u>	<u>(4,915,594)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100,000	100,000
Profit and loss account		<u>(5,097,219)</u>	<u>(5,015,594)</u>
<b>SHAREHOLDER'S DEFICIT</b>		<u>(4,997,219)</u>	<u>(4,915,594)</u>

The Report and Financial Statements were approved by the directors and authorised for issue on 26 February 2021, and are signed on their behalf by:

DocuSigned by:  
  
 901CDAEF8C0A4A2...  
 F. Laud  
 Director

Company Registration Number: 00759572

The notes on pages 16 to 28 form part of the Report and Financial Statements.



**MARSHALL THERMO KING LIMITED****STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31 DECEMBER 2020**

	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Shareholder's deficit £</b>
At 1 January 2019	100,000	(3,794,411)	(3,694,411)
Loss for the financial year and Total Comprehensive Loss	-	(1,221,183)	(1,221,183)
At 1 January 2020	100,000	(5,015,594)	(4,915,594)
Loss for the financial year and Total Comprehensive Loss	-	(81,625)	(81,625)
At 31 December 2020	100,000	(5,097,219)	(4,997,219)

The notes on pages 16 to 28 form part of the Report and Financial Statements.

# MARSHALL THERMO KING LIMITED

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

### 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 2020.

#### b) Basis of preparation

The financial statements of Marshall Thermo King Limited were authorised for issue on 26 February 2021 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 net shareholder deficit 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 2020

### 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 giving rise to increases or decreases in the value of these amounts in future accounting periods. 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.

#### ***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 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 2020

#### 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.

##### **f) 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 2020**

**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 income statement.

**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 2020**

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

**Financial assets**

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings, other debtors, corporation tax, deferred tax asset, prepayments and accrued income.

**Financial liabilities**

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other taxes and social security costs, other creditors, accruals and deferred income.

**Derivative instruments**

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. These contracts are classified as derivative financial instruments.

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 or loss 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 2020**

**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:

	2020	2019
	£	£
Sale of goods	12,035,109	22,669,526
Rendering of services (including maintenance contracts)	18,738,096	17,808,690
Fleet management services	14,920,930	12,487,322
	<u>45,694,135</u>	<u>52,965,538</u>

An analysis of revenue by geographical destination is as follows:

	2020	2019
	£	£
United Kingdom	45,343,028	51,987,709
Rest of Europe	351,107	977,829
	<u>45,694,135</u>	<u>52,965,538</u>

**3. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of owned tangible fixed assets (see note 9)	310,102	283,410
Operating lease rentals: Land & buildings	415,433	483,181
Foreign exchange differences	21,026	(45,533)
Fair value movement on forward foreign currency contracts	17,039	11,944
Auditor's remuneration for audit services	35,000	36,369
Profit on disposal of tangible fixed assets	<u>(1,860)</u>	<u>(130)</u>

**4. EXCEPTIONAL ITEMS**

	2020	2019
	£	£
Restructuring costs		
Termination costs	<u>90,900</u>	<u>251,311</u>

During the year the company further restructured the customer support functions of its operations, having restructured the senior management and customer support functions of its operations during 2019.

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

**5. STAFF COSTS**

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

	2020	2019
	No.	No.
Operations staff	170	175
Administrative staff	162	163
	<u>332</u>	<u>338</u>

The aggregate payroll costs of the above were:

	2020	2019
	£	£
Wages and salaries	12,038,613	11,943,784
Social security costs	1,237,179	1,207,155
Pension costs (note 18)	609,106	555,432
	<u>13,884,898</u>	<u>13,706,371</u>

**6. DIRECTORS' REMUNERATION**

F. Laud and M. N. Howell are employees of the ultimate parent company. A management charge of £300,000 (2019: £300,000) 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**

	2020	2019
	£	£
Interest received	-	(29)
Interest payable to ultimate parent undertaking	53,875	53,864
Other interest	2,386	9,375
	<u>56,261</u>	<u>63,210</u>

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

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

	2020	2019
	£	£
<i>Current tax:</i>		
UK corporation tax based on profit / (loss) for the year at 19.00% (2019: 19.00%)	17,289	(300,580)
Adjustments in respect of prior years	148,384	14,256
Total current tax	<u>165,673</u>	<u>(286,324)</u>



**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

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

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

**Deferred tax:**

	2020	2019
	£	£
Origination and reversal of timing differences	(15,283)	41,076
Adjustments in respect of prior years	(12,199)	(9,900)
	<u>(27,482)</u>	<u>31,176</u>
 Tax expense/(credit) on profit or loss on ordinary activities	 <u>138,191</u>	 <u>(255,148)</u>

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

The tax assessed on the profit / (loss) on ordinary activities for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
Profit / (loss) on ordinary activities before taxation	<u>56,566</u>	<u>(1,476,331)</u>
 Profit / (loss) on ordinary activities by rate of tax	 10,748	 (280,503)
Expenses not deductible for tax purposes	24,274	25,832
Effect of differences in tax rate changes on opening liability	(29,930)	-
Effect of differences in tax rates	(2)	(4,833)
Adjustments in respect of prior years	<u>133,101</u>	<u>4,356</u>
 Tax on profit / (loss) on ordinary activities (see note 8(a))	 <u>138,191</u>	 <u>(255,148)</u>

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

The standard rate of tax applied to reported loss on ordinary activities is 19%. The Finance Act 2020 maintained the UK corporation tax rate at 19% with effect from 1 April 2020, reversing the previously enacted reduction in the rate of UK corporation tax to 17% from 1 April 2020.

During the year beginning 1 January 2021, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £1,598 (2020: increase £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 2020**

**9. TANGIBLE ASSETS**

	Leasehold Improvements £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 January 2020	581,262	4,406,112	385,317	5,372,691
Additions	25,189	155,860	5,390	186,439
Disposals	-	-	(42,386)	(42,386)
<b>At 31 December 2020</b>	<u>606,451</u>	<u>4,561,972</u>	<u>348,321</u>	<u>5,516,744</u>
<b>DEPRECIATION</b>				
At 1 January 2020	282,805	3,958,829	361,075	4,602,709
Charge for the year	79,398	209,926	20,778	310,102
Disposals	-	-	(42,330)	(42,330)
<b>At 31 December 2020</b>	<u>362,203</u>	<u>4,168,755</u>	<u>339,523</u>	<u>4,870,481</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2020</b>	<u>244,248</u>	<u>393,217</u>	<u>8,798</u>	<u>646,263</u>
At 31 December 2019	<u>298,457</u>	<u>447,283</u>	<u>24,242</u>	<u>769,982</u>

**10. STOCKS**

	2020 £	2019 £
Work in progress	68,395	111,049
Finished goods	<u>2,792,349</u>	<u>1,982,958</u>
	<u>2,860,744</u>	<u>2,094,007</u>

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

Stocks recognised as an expense in the year were £16,411,368 (2019: £26,596,574).

Finished goods includes an impairment provision of £nil (2019: £200,000).

**11. DEBTORS**

	2020 £	2019 £
Trade debtors	5,734,846	6,822,141
Amounts owed by group undertakings	36,918	286,324
Corporation tax recoverable	119,869	119,869
Other debtors	8,223	36,793
Deferred tax asset (see note 12)	266,608	239,126
Prepayments and accrued income	<u>345,888</u>	<u>445,440</u>
	<u>6,512,352</u>	<u>7,949,693</u>

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 2020**

**12. DEFERRED TAX ASSET**

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

	2020	2019
	£	£
Balance brought forward	239,126	270,302
Debit / (credit) to income statement for the year	27,482	(31,176)
Balance carried forward	<u>266,608</u>	<u>239,126</u>

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

	2020	2019
	£	£
Accelerated capital allowances	247,080	223,319
Other timing differences	19,528	15,807
	<u>266,608</u>	<u>239,126</u>

The company has recognised a deferred tax asset of £266,608 (2019: £239,126) as the company 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**

	2020	2019
	£	£
Trade creditors	5,031,154	4,599,308
Derivative financial instruments (see note 19)	36,812	49,255
Amounts owed to group undertakings	5,070,728	7,037,791
Other taxes and social security costs	2,557,356	1,902,362
Other creditors	688,706	541,393
Accruals and deferred income	817,840	652,769
	<u>14,202,597</u>	<u>14,782,878</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.

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 valuations provided by the counterparty.

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

	2020	2019
	£	£
Accruals and deferred income	<u>383,825</u>	<u>349,640</u>

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

**15. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2020 the company had the following minimum lease payments under non-cancellable operating leases as set out below.

	2020 £	2019 £
Operating leases which expire:		
- Within 1 year	256,267	53,667
- Between 2 to 5 years	557,464	1,110,365
	<u>813,731</u>	<u>1,164,032</u>

**16. PROVISIONS FOR LIABILITIES**

	Dilapidation costs £
At 1 January 2020	674,925
Provided	9,600
Utilised	(186,037)
At 31 December 2020	<u>498,488</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.

**17. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2020 £	2019 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

**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 £609,106 (2019: £555,432).

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 defined contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2019: £nil). As disclosed in the Group financial statements, there is a deficit on the scheme of £4,807,023 (2019: £2,984,970) 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 £98,624 (2019: £87,792).

**19. FINANCIAL INSTRUMENTS**

	2020 £	2019 £
Financial liabilities measured at fair value through profit or loss	<u>36,812</u>	<u>49,255</u>

Financial liabilities measured at fair value through profit or loss comprise derivative financial instruments.

**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.

**MARSHALL THERMO KING LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
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**21. OTHER FINANCIAL COMMITMENTS**

The Company has access to the parent company's £75,000,000 banking facility which is secured by cross guarantees between certain members of the parent company's group. The Company is one of these members. At the 31 December 2020 £24,726,000 was outstanding (2019 - £7,139,000).

**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.