

Company registration number 05239777 (England and Wales)

MARLOWE FIRE & SECURITY LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



MARLOWE FIRE & SECURITY LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Statement of comprehensive income	4
Balance sheet	5 - 6
Statement of changes in equity	7
Notes to the financial statements	8 - 22

MARLOWE FIRE & SECURITY LIMITED

COMPANY INFORMATION

Directors	A P Dacre R J Flinn A T Councill
Company number	05239777
Registered office	20 Grosvenor Place London SW1X 7HN
Bankers	HSBC Level 30 8 Canada Square Canary Wharf London E14 5HQ

MARLOWE FIRE & SECURITY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Review of the business and future developments

The company continues to be a key member of the fire and security division of Marlowe plc which, through the operating umbrella of Marlowe Critical Services, has grown significantly through acquisition and organic growth during the year. The strategy of the group continues to be that of increased presence in the critical services sector with the aim of becoming the UK market leader in each respective sector.

The company operates in a resilient business sector and has expanded the customer base during the year to encompass several large, blue-chip companies and utilities providers. Turnover has grown by over £12million from the previous year, despite the difficult market.

The breadth of the customer profile and the key nature of the operations will ensure that this growth will continue into the coming year.

Principal risks and uncertainties

As with most businesses the company is subject to wider macro-economic factors, including the challenges facing the global supply chain. This risk is mitigated by extensive forward planning to ensure stocks are available to fulfil our commitments.

A key risk to the company is the competitive marketplace in which it operates, but as in prior years this risk will continue to be mitigated by our strong reputation, innovative approach to service delivery and strong management team.

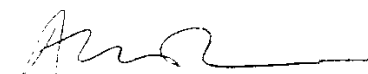
Going concern

Details of matters relevant to the director's assessment of the application of the going concern basis are given in Note 1.3 to the financial statements.

Key Performance Indicators

	2023	2022
	£	£
Turnover	60,437,241	48,382,617
% change in turnover on previous year	24.92%	28.61%
Gross profit	18,898,118	15,473,431
Gross profit %	31.27%	31.98%

On behalf of the board



A P Dacre

Director

Date: 01/12/2023

MARLOWE FIRE & SECURITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the company continued to be the provision of installation, service and maintenance of fire safety and security equipment.

Results and dividends

The results for the year are set out on page 4.

The Strategic Report on page 1 discusses the results and future developments.

Ordinary dividends were paid amounting to £4,000,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A P Dacre
R J Flinn
A T Councill

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Capital management policies

The company has access to capital provided by its ultimate parent undertaking, Marlowe plc. In allocating capital, the primary objective is to maintain a sufficient funding base to enable the company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the group considers not only the company's short-term position but also its long-term operational and strategic objectives.

Liquidity risk

Liquidity risk arises from the company management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.3 of the financial statements for details of going concern considerations.

The company policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Interest rate risk

The company borrows from other group companies, usually at non-market rates of interest. Its exposure to interest rate risk is therefore limited.

MARLOWE FIRE & SECURITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Foreign currency risk

The company trades exclusively in the UK and all financing is denominated in sterling. The company therefore is not exposed to currency risk.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The company is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions, and trade receivables. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Credit risk in connection with trade receivables is managed by the use of credit control procedures, such as the maintenance of a credit control department, use of credit references and stop limits.

Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Employee engagement statement

The company's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

An annual employee engagement survey is undertaken by an independent organisation. The results are reviewed by the board and discussed in groups and individually, in order to arrive at recommendations, which are then implemented. Regular communications are made via email regarding company performance and initiatives.

Employees are encouraged to provide positive suggestions via our employee engagement forum, and we report back to the employees on the implementation progress.

We operate an employee share savings scheme, a death in service benefit and a salary sacrifice pension scheme. Other benefits are under discussion.

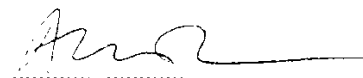
Post reporting date events

Details of post reporting date events are given in the notes to the financial statements.

Going concern

Details of matters relevant to the director's assessment of the application of the going concern basis are given in note 1.3 to the financial statements.

On behalf of the board



A P Dacre
Director

Date: 01/12/2023

MARLOWE FIRE & SECURITY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	60,437,241	48,382,617
Cost of sales		(41,539,123)	(32,909,186)
Gross profit		18,898,118	15,473,431
Administrative expenses		(16,805,131)	(13,522,471)
Other operating income	4	400,000	-
Operating profit	4	2,492,987	1,950,960
Interest payable and similar expenses	7	(303,358)	(69,839)
Profit before taxation		2,189,629	1,881,121
Tax on profit	8	(373,254)	(257,085)
Profit for the financial year		1,816,375	1,624,036

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

MARLOWE FIRE & SECURITY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	10		105,018		162,300
Tangible assets	11		4,081,455		2,437,651
			<u>4,186,473</u>		<u>2,599,951</u>
Current assets					
Stocks	13	3,724,467		2,721,307	
Debtors	14	19,520,800		13,785,045	
Cash at bank and in hand	15	3,121,012		3,867,924	
		<u>26,366,279</u>		<u>20,374,276</u>	
Creditors: amounts falling due within one year	16	(27,511,517)		(19,258,191)	
Net current (liabilities)/assets			<u>(1,145,238)</u>		<u>1,116,085</u>
Total assets less current liabilities			<u>3,041,235</u>		<u>3,716,036</u>
Creditors: amounts falling due after more than one year	17		(2,084,996)		(549,471)
Provisions for liabilities					
Deferred tax liability	19	-		26,701	
		<u>-</u>		<u>26,701</u>	
					<u>(26,701)</u>
Net assets			<u>956,239</u>		<u>3,139,864</u>
Capital and reserves					
Called up share capital	21		1,000		1,000
Profit and loss reserves			955,239		3,138,864
			<u>956,239</u>		<u>3,139,864</u>
Total equity			<u>956,239</u>		<u>3,139,864</u>

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

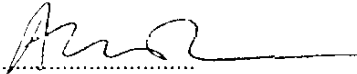
The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

MARLOWE FIRE & SECURITY LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 01/12/2023 and are signed on its behalf by:



A P Dacre
Director

Company Registration No. 05239777

MARLOWE FIRE & SECURITY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2021		1,000	1,514,828	1,515,828
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	1,624,036	1,624,036
Balance at 31 March 2022		1,000	3,138,864	3,139,864
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	1,816,375	1,816,375
Dividends	9	-	(4,000,000)	(4,000,000)
Balance at 31 March 2023		1,000	955,239	956,239

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Marlowe Fire & Security Limited is a company limited by shares incorporated in England and Wales. The registered office is 20 Grosvenor Place, London, SW1X 7HN.

The principal activities of the company continued to be the provision of installation, service and maintenance of fire safety and security equipment.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The ultimate parent company of Marlowe Fire & Security Limited is Marlowe plc and the results of Marlowe Fire & Security Limited are included in the consolidated financial statements of Marlowe plc which are available from Marlowe plc's website www.marloweplc.com.

1.2 Business combinations

Business combinations involving the acquisition of businesses from fellow group companies in consideration for loans are accounted for using merger accounting. Assets and liabilities are not restated at fair value and no goodwill is recognised. profits or losses from businesses acquired in this way are recognised from acquisition.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

1.3 Going concern

The directors have considered the company's forecast cash flows, including downside scenarios reflecting the full financial impact of reasonably possible downside trading scenarios.

In the event of further disruption to the business in the future as a result of COVID-19 or an escalation of the Ukrainian crisis the directors are confident that additional cost reduction and cash preservation measures could be utilised in conjunction with the parent's, Marlowe plc, existing debt facility to reduce costs and preserve cash. The directors have received a letter of financial support from Marlowe plc for a period of at least twelve months from the date that these financial statements are signed. Following this review and a discussion of the sensitivities the directors have a reasonable expectation that the company has adequate resources 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.

1.4 Turnover

Turnover arises from the rendering of services. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

The company enters into sales transactions involving a range of the Group's products and services, for example for the delivery and installation of fire and security equipment and related after-sales service and monitoring.

Service and installation work and monitoring

Revenue from ongoing service and installation contracts and monitoring contracts are recognised at various performance points over the period of a contract. Income invoiced for future periods is deferred and included in current liabilities. Income for callout charges where such items do not form part of ongoing contracts are recognised when work is completed.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired, including customer relationship assets. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to write off the goodwill over its useful economic life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Negative goodwill represents the excess of the fair value of net assets acquired over the cost of acquisition of unincorporated businesses. It is initially recognised at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Negative goodwill is released over the useful lives of the non-monetary assets acquired, which has been estimated at four years.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at fair value and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Customer relationships	Over 3 - 10 years
------------------------	-------------------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Plant and equipment	Straight line over 5 years
Fixtures and fittings	Straight line over 5 years
Computers	Straight line over 3 years
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Fixed asset investments

Interests in subsidiaries are measured at cost, which is £nil.

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.10 Stocks

Stocks including work in progress represent goods awaiting installation as part of service and installation contracts and are valued at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the purchase of those goods. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Bank balances and cash includes pooled cash held by Marlowe plc that is available to be drawn on by the company.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Contributions not paid by the year end are included in creditors.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.18 Government grants

Government grants, including Coronavirus job retention scheme income, are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Cashflow exemption

No cashflow statement is prepared as a consolidated cashflow statement is prepared in the financial statements of Marlowe Plc.

1.20 Related Parties

The directors have taken advantage of the exemption conferred by FRS102 and have not disclosed transactions with fellow wholly-owned subsidiaries of Marlowe Plc.

1.21 Exceptional items

Restructuring costs incurred following the acquisition of businesses from fellow group companies are recognised as exceptional items in the statement of comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors use their judgement to estimate the recoverability of trade debtors, having regard to their knowledge of the debtors and the current economic climate. The directors also make estimates concerning provisions required for obsolete and slow-moving stock based on historic experience.

Judgement is also required to assess the level of completion of contracts in order to establish revenue recognition within the period.

3 Turnover

All turnover arose in the UK and in respect of service and installation work and monitoring.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(400,000)	-
Depreciation of owned tangible fixed assets	1,031,073	586,756
Loss/(profit) on disposal of tangible fixed assets	5,213	(20,704)
Amortisation of intangible assets	57,282	(71,667)
Operating lease charges	2,611,389	2,216,618
	<u>2,611,389</u>	<u>2,216,618</u>

5 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	421,674	257,023
Amounts receivable under long term incentive schemes	500,000	304,000
Company pension contributions to defined contribution schemes	12,879	12,000
	<u>934,553</u>	<u>573,023</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	421,674	257,023
Amounts receivable under long term incentive schemes	500,000	304,000
Company pension contributions to defined contribution schemes	12,879	12,000
	<u>934,553</u>	<u>573,023</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Direct	314	269
Non-direct	261	209
	<u>575</u>	<u>478</u>

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Employees (Continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	18,721,885	19,285,885
Social security costs	1,992,199	1,992,199
Pension costs	846,121	846,121
	<u>21,560,205</u>	<u>22,124,205</u>

The company operates a cash-based, unfunded long term incentive scheme for certain of its employees. Rewards under the scheme are dependent upon the achievement of performance targets. Obligations under the scheme at 31 March 2023 were £1,681,709 (2022: £1,462,974).

7 Interest payable and similar expenses

	2023	2022
	£	£
Other interest on financial liabilities	-	154
Interest on finance leases and hire purchase contracts	303,358	69,685
	<u>303,358</u>	<u>69,839</u>

8 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	88,804	(69,775)
Adjustments in respect of prior periods	343,158	(5,923)
Group tax relief	29,879	73,122
Total current tax	<u>461,841</u>	<u>(2,576)</u>
Deferred tax		
Origination and reversal of timing differences	52,413	83,553
Adjustment in respect of prior periods	(141,000)	176,108
Total deferred tax	<u>(88,587)</u>	<u>259,661</u>
Total tax charge	<u>373,254</u>	<u>257,085</u>

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	2,189,629	1,881,121
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	416,030	357,413
Tax effect of expenses that are not deductible in determining taxable profit	(24,868)	16,896
Tax effect of income not taxable in determining taxable profit	(92,406)	(13,619)
Effect of change in corporation tax rate	12,579	6,408
Group relief	-	(161,547)
Other permanent differences	(140,239)	(83,421)
Under/(over) provided in prior years	343,158	(5,923)
Deferred tax adjustments in respect of prior years	(141,000)	176,108
Other tax adjustments	-	16,093
Adjustments to brought forward balances	-	(25,111)
Transfer of deferred tax balances from fellow subsidiary	-	(26,212)
Taxation charge for the year	373,254	257,085

9 Dividends

	2023 £	2022 £
Final paid	4,000,000	-

10 Intangible fixed assets

	Goodwill £	Negative goodwill £	Customer relationships £	Total £
Cost				
At 1 April 2022 and 31 March 2023	21,228	(533,841)	583,392	70,779
Amortisation and impairment				
At 1 April 2022	21,228	(533,841)	421,092	(91,521)
Amortisation (credited) / charged for the year	-	-	57,282	57,282
At 31 March 2023	21,228	(533,841)	478,374	(34,239)
Carrying amount				
At 31 March 2023	-	-	105,018	105,018
At 31 March 2022	-	-	162,300	162,300

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	1,363,929	702,200	77,672	1,168,792	758,678	4,071,271
Additions	50,547	277,140	11,100	118,334	2,237,913	2,695,034
Disposals	-	-	-	(465,759)	(35,485)	(501,244)
Transfers in from fellow subsidiaries	-	-	-	-	7,201	7,201
At 31 March 2023	1,414,476	979,340	88,772	821,367	2,968,307	6,272,262
Depreciation and impairment						
At 1 April 2022	245,984	403,175	30,553	827,479	126,429	1,633,620
Depreciation charged in the year	129,136	173,851	19,601	223,238	479,247	1,031,073
Eliminated in respect of disposals	-	-	-	(465,759)	(8,127)	(473,886)
At 31 March 2023	375,120	577,026	50,154	590,958	597,549	2,190,807
Carrying amount						
At 31 March 2023	1,039,356	402,314	38,618	230,409	2,370,758	4,081,455
At 31 March 2022	1,117,945	299,025	47,119	341,313	632,249	2,437,651

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

(Continued)

The company's assets have been pledged to secure certain borrowings of the company and the Marlowe plc group. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Marlowe Kitchen Fire Suppression Limited	Marlowe Plc, 20 Grosvenor Place, London SW1X 7HN	Fire & Security Services	Ordinary	100.00

13 Stocks

	2023 £	2022 £
Work in progress	969,363	596,843
Finished goods and goods for resale	2,755,104	2,124,464
	<u>3,724,467</u>	<u>2,721,307</u>

Stock is included net of provisions of £90,000 (2022: £55,683).

14 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	12,762,971	9,282,899
Corporation tax recoverable	-	609,774
Amounts owed by group undertakings	93,459	31,680
Other debtors	-	9,513
Prepayments and accrued income	6,602,484	3,851,179
	<u>19,458,914</u>	<u>13,785,045</u>
Deferred tax asset (note 19)	61,886	-
	<u>19,520,800</u>	<u>13,785,045</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

15 Cash and cash equivalents

The cash and cash equivalents balance included in the financial statements is disclosed inclusive of group cash pooling arrangements, on the basis that the company continue to control the cash. Cash held under these arrangements at the year end was £2,665,165 (2022: £3,275,296).

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	18	529,054	184,120
Trade creditors		6,055,727	4,978,443
Amounts owed to group undertakings		11,716,217	6,484,868
Corporation tax		47,500	36,262
Other taxation and social security		2,387,709	1,838,121
Other creditors		85,998	160,102
Accruals and deferred income		6,689,312	5,576,275
		<u>27,511,517</u>	<u>19,258,191</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	18	<u>2,084,996</u>	<u>549,471</u>

18 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	529,054	184,120
In two to five years	2,084,996	549,471
	<u>2,614,050</u>	<u>733,591</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Balances:				
Fixed asset timing differences	-	231,387	(686,363)	-
Short term timing differences	-	(204,686)	748,249	-
	<u>-</u>	<u>26,701</u>	<u>61,886</u>	<u>-</u>
				2023
Movements in the year:				£
Liability at 1 April 2022				26,701
Credit to profit or loss				(88,587)
Asset at 31 March 2023				<u>(61,886)</u>

The deferred tax asset set out above relates to short term timing differences and depreciation in excess of capital allowances.

20 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	356,594	335,647
	<u>356,594</u>	<u>335,647</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

MARLOWE FIRE & SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	735,363	807,793
Between two and five years	1,530,113	1,251,700
In over five years	437,500	687,500
	<u>2,702,976</u>	<u>2,746,993</u>

23 Related party transactions

Amounts owed by and to fellow group companies at the year end are disclosed in notes 14 and 16.

24 Ultimate controlling party

The company is a wholly owned subsidiary of Marlowe Fire and Security Group Limited, a company incorporated in England and Wales. The company's ultimate parent undertaking is Marlowe plc, whose registered office is 20 Grosvenor Place London SW1X 7HN. Marlowe plc prepares group financial statements which are available from its website at www.marloweplc.com. Marlowe plc is head of the smallest and largest group for which group financial statements are prepared which consolidate the results of the company.

In the opinion of the directors the company is not a subsidiary of any other party.