Amended

Marioff Limited

Annual report and financial statements

For the year ended 31 December 2021

Registered number SC140683

Marioff Limited

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Marioff Limited

Strategic Report

The Directors present their strategic report for the year ended 31 December 2021.

Review of the business

The principal activity of the company is to design, supply and install high pressure water mist fire suppression systems in land-based projects within the construction sector across the United Kingdom and Ireland. The company also designs, manufactures and installs the same type of systems within skid mounted units to be supplied to the Industrial market.

Results and key performance indicators

Turnover in the year ended 31 December 2021 amounted to £9,255,053 (*2020: £7,841,000*) an increase of 18% against the previous year mainly driven by an overall increase on the business activity. The profit for the financial year, after taxation was £520,000 (*2020: £513,000*) and has been transferred to reserves.

Management continues to monitor various financial KPI's. Core financial KPI's include revenue, order intake, project backlog, gross margin and project net recoverable margins. The increase in sales year on year was mainly due to the strong project backlog (a measure of the value of awarded contracts yet to be completed) from 2020 which has seen year on year growth of 26% as at end 2021. This strong backlog position ensures a positive outlook for 2022. Order intake for 2021 was 70% higher than in 2020.

The business also monitors several non-financial KPI's throughout the year including, but not limited to, headcount versus budget and prior years; employee engagement surveys which are designed to measure employee satisfaction and areas where the business could improve; and environment KPI's measured through our annual ISO14001 and ISO18001 accreditations which have been achieved and are ongoing each year. During 2021 the average employee headcount increased by 1 with an average of 41 (*2020: 40*).

COVID-19

The unpredictable nature of the Coronavirus pandemic means that making estimations based on future events can be challenging.

The Company's services have generally been considered essential in nature and business continued throughout the outbreak. Marioff Limited has and continues to take all prudent measures to protect the health and safety of our employees and has implemented work from home requirements, where possible, social distancing where working from home is not feasible including in our manufacturing facilities, deep cleaning protocols are in effect at all our facilities and travel restrictions, among other measures. Additionally, we follow client covid protocols on all construction sites.

Russia / Ukraine geo-political situation

Global geopolitical risks have soared since Russia's invasion of Ukraine started on February 24, 2022. Markets expect a drag on the global economy and an increase of the uncertainty and risks of severe adverse outcomes. Inflation has increased sharply mainly due to energy prices and rising interest rates followed by global supply chain disruptions.

The situation and its impact on the Company are constantly kept under close review by the Directors and appropriate measures are being implemented to protect the Company. Currently, the Directors believe that there is no doubt about the Company's ability to continue as a going concern.

Because of the dynamic environment, the Directors will continue to evaluate whether these assumptions are reasonable.

Marioff Limited

Strategic Report *(continued)*

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks are considered to relate to consistent and timely turnover generation via order intake, staff retention, and competition from both local and international competitors.

Project execution dates are typically subject to change out with the company's control. These can often lead to project deferral, which will have a direct impact on the company being able to recognise revenues in a particular period. The company closely monitors any potential changes to execution dates, and where possible redirects the resource to another opportunity, due to the limited resources available and to continuously improve and ensure optimum success and revenue recognition.

Future developments

Key plans are noted as follows:

- Further expansion to drive our order intake and backlog position.
- Implementation of operational procedures which will see reduced risk at site level and enhanced profitability for the company and reduced costs to the customer.
- Further implementation of measures to reduce the company's energy usage.
- The Company will continue to look for efficiency savings where possible in relation to operational costs, both fixed and variable.
- Enhance our position on our ISO14001 accreditation through limited travel, deployment of replacement company cars to electric as well as moving to a paperless office.

Juha Kuivalainen Director Marioff Group DocuSigned by: Juha Kuivalainen 585D424D53E14B4...	25 Earl Haig Road, Hillington Park, Glasgow, Scotland. G52 4JU

19 December 2022

Marioff Limited

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

The company's principal activity is the provision of fire safety, protection and maintenance consultancy services.

Results and dividends

The profit for the financial year, amounting to £520,000 *(2020: £513,000)* has been dealt with as shown in the profit and loss account.
The directors do not recommend the payment of a dividend *(2020: No dividend)*.

Future outlook

As a market leading supplier within the high-pressure water mist industry, the company remains committed to continue to drive growth forward through a focus on training, product development and quality – see page 1 of the strategic report for further information on 2022 and impact of the Covid-19 outbreak and geopolitical threats in Europe.

Directors

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

J M Kuivalainen
J T M Ilvonen

The Company provided qualifying third-party indemnity provisions to the directors of the Company during the financial year and at the date of this report.

Financial instruments

Details of the Company's financial instruments, which comprise receivable and payable balances arising in the normal course of business, are presented in notes 13, 14, 15 & 16 of the financial statements.

Employees

The average number of employees increased by 1 in 2021. The new employee assists the company with positioning for future growth through 2022 and beyond.

The Company monitors and applies, where required, any changes to legislation regarding workplace pensions and safety requirements.

In the event of employees becoming disabled, every effort will be made to ensure their employment with the company continues and appropriate training is arranged. So far as possible the company will ensure that the training, career development and promotion of any disabled person are identical to that of a colleague who does not suffer from such a disability.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Marioff Limited

Directors' report *(continued)*

Going Concern

The current economic conditions continue to create uncertainty particularly around revenue and operating profit levels. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and committed financing arrangements.

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through a UK group cash pooling arrangement, which is centrally managed by another group company (Parkview Treasury Services (UK) Limited), there is a finite risk of a cash pooling mechanism failure, and the cash pool facility can be terminated by the Pool Leader with 1 days' notice. Accordingly, the company has received a letter of support from Carrier Global Corporation, its ultimate parent undertaking.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

Statement of disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Juha Kuivalainen Director 19 December 2022 DocuSigned by: Juha Kuivalainen 585D424D53E14B4...	25 Earl Haig Road, Hillington Park, Glasgow, Scotland. G52 4JU

Marioff Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Independent auditors' report to the members of Marioff Limited

Report on the audit of the financial statements

Opinion

In our opinion, Marioff Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of profit and loss and other comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Marioff Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law, and Health and Safety laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and fraudulent recording of revenue. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example unexpected account combinations impacting revenue; and
- Incorporating into our testing plan procedures which are unpredictable in nature

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

David R Morrice

David R Morrice (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
20 December 2022

Marioff Limited

Statement of profit and loss and other comprehensive income

For the year ended 31 December 2021

	Note	**2021**	2020
		£000	£000
Turnover	*2*	**9,255**	**7,841**
Cost of sales		**(6,885)**	**(5,721)**
Gross profit		**2,370**	**2,120**
Administrative expenses		**(1,690)**	**(1,595)**
Operating profit	*3*	**680**	**525**
Interest payable and similar expenses	*7*	**(166)**	**(19)**
Profit before taxation		**514**	**506**
Tax on profit	*8*	**6**	**7**
Profit for the financial year		**520**	**513**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**520**	**513**

All results for the current and prior year arise wholly from continuing operations.

Notes on pages 13 to 26 are an integral part of these financial statements.

Marioff Limited

Balance sheet

As at 31 December 2021

	Note	2021		2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*	-		-	
Tangible assets	*10*	1		2	
Right of use assets	*11*	164		212	
		165		214	
Current assets					
Stock	*12*	456		320	
Debtors	*13*	3,850		4,820	
Cash at bank and in hand		-		-	
		4,306		5,140	
Current Liabilities					
Creditors: amounts falling due within one year	*14*	(2,060)		(3,218)	
Provisions for liabilities	*15*	-		(205)	
		(2,060)		(3,423)	
Net current assets			2,246		1,717
Total assets less current liabilities			2,411		1,931
Creditors: amounts falling due after one year	*16*		(136)		(176)
Net assets			2,275		1,755
Capital and reserves					
Called up share capital	*18*		100		100
Profit and loss account			2,175		1,655
Total Shareholders' funds			2,275		1,755

These financial statements on pages 10 to 26 were approved by the Board of Directors on 19 December 2022 and signed on its behalf by:

DocuSigned by:

Juha Kuivalainen

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Juha Kuivalainen
Director

Registered Number: SC140683

Notes on pages 13 to 26 are an integral part of these financial statements.

Marioff Limited

Statement of changes in equity
For the year ended 31 December 2021

	Called up share capital £000	Profit and loss account £000	Total £000
Balance as at 1 January 2020	100	1,142	1,242
Total comprehensive income			
Profit for the financial year	-	513	513
Balance at 31 December 2020	100	1,655	1,755
Balance at 1 January 2021	100	1,655	1,755
Total comprehensive income			
Profit for the financial year	-	520	520
Balance at 31 December 2021	100	2,175	2,275

The notes on pages 13 to 26 form part of these financial statements.

Marioff Limited

Notes
(forming part of the financial statements)

1 **Accounting policies**

General information

Marioff Limited (the "Company") is a private company incorporated in Scotland in the UK. The registered number is SC140683 and the registered address is 25 Earl Haig Road, Hillington Park, Glasgow, G52 4JU, Scotland.

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Marioff Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements'
  - comparative information requirements in respect of: paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies have been applied consistently.

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

1 **Accounting policies** *(continued)*

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

It is noted by the Directors that the Russia – Ukraine geo-political conflict may have a significant repercussion on future growth, having an impact on the prospects in the general economy and the financial markets. As of today, there is significant uncertainty and estimates are subject to change as the economic and financial effects of the conflict are known with more certainty. Additionally, the relatively short time that has elapsed between the start of the conflict and today's date has not yet allowed the Directors to fully measure the effect that could occur in the coming months.

The Directors are continuing to monitor the impact of the Coronavirus pandemic closely. Marioff Limited is taking all prudent measures to protect the health and safety of our employees however given the unpredictable nature of the pandemic, it remains difficult to quantify the longer term-term financial impact on the Company's financial performance and position in the future.

In any case these circumstances and their impact on the Company are constantly kept under close review by the Directors and appropriate measures are being implemented to protect the Company.

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through a UK group cash pooling arrangement, which is centrally managed by another group company (Parkview Treasury Services (UK) Limited), there is a finite risk of a cash pooling mechanism failure, and the facility can be terminated by the Pool Leader with 1 days notice. Accordingly, the company has received a letter of support from Carrier Global Corporation, its ultimate parent undertaking.

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.

Intangible assets and amortisation

Intangible assets purchased separately from a business are capitalised at their cost.

Software purchased by the Company is amortised to nil by equal annual instalments over their useful economic lives of 5 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable on borrowings from group undertakings.

Other interest receivable and similar income include interest receivable on amounts owed by group undertakings.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial length of time to be prepared for use, are capitalised as part of the cost of that asset.

Marioff Limited

Notes *(continued)*

(forming part of the financial statements)

1 **Accounting policies** *(continued)*

Leases

The company leases an office, warehouse, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company re-values its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 11 .

1 **Accounting policies** *(continued)*

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account and are reported on a net basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies *(continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax liabilities are not discounted.

Turnover
Turnover, which excludes value added tax and trade discounts, represents the invoiced value services supplied.

Turnover is recognized when the company's performance obligations have been satisfied, and when the customer has control of the relevant product or service.

- For product sales with no installation requirements, turnover is recognised when the product is delivered to the customer in accordance with the agreed delivery terms.
- For project activity where the supply of product and installation is required, turnover is recognised on the basis of percentage of completion ('POC') which reflects the cost of product and installation to date as a proportion of the total project cost for these items. The calculated percentage of completion is then applied to the total project value to calculate the turnover that can be recognised. The follow up is that application for payment is made to the client and on agreement the client will issue a payment certificate as appropriate. An estimate of the profit attributable to the work completed is recognised only once the outcome of the contract can be estimated reliably. Expected losses are recognised in full as soon as losses are probable. The net amount of costs incurred to date plus recognised profits less the sum of recognised losses and progress billings is disclosed within debtors or creditors.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Key sources of estimation uncertainty
In the application of the company's accounting policies, which are described in this note, the directors are required to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not consider there to be any critical accounting judgements. The following estimation uncertainty may have a significant effect on amounts recognised in the financial statements:

Estimate - *Contract Accounting*
Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using the cost spent to date compared to the total cost expected to be required to undertake the contract. Estimates of the total cost required to undertake the contract are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

2 Turnover

A geographical analysis of turnover by destination is below:

	2021	2020
	£000	£000
United Kingdom	8,701	7,224
Europe	543	602
Rest of the world	11	15
	9,255	7,841

An analysis of turnover by activity and type is below:

	2021	2020
	£000	£000
Contract income	6,875	5,880
Sale of goods & services	2,335	1,881
Other	45	80
	9,255	7,841

Amounts recoverable on contracts at 31 December 2021 amount to £2,470,000 (2020: £2,061,000).

3 Operating profit

	2021	2020
Operating profit is stated after charging / (crediting):	**£000**	£000
Depreciation of tangible assets	**1**	9
Amortisation of intangible fixed assets	**-**	2
Foreign exchange (gain)/ loss	**23**	12

	2021	2020
	£000	£000
Auditors' remuneration		
Audit of these financial statements	**31**	19

4 Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments, including pension contributions	-	124

The Director's remuneration is paid by parent company (Marioff Corporation Oy) and it is not recharged to Marioff Limited.

5 Staff numbers and costs

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

	2021 No	2020 No
By activity		
Administration and sales	**13**	11
Workshop and technical	**28**	29
	41	40

The aggregate payroll costs of all these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	**1,969**	1,662
Social security costs	**224**	191
Other pension costs (note 17)	**64**	61
	2,257	1,914

6 Interest receivable and similar income

There was no interest received or other similar income during 2021 (2020: nil)

7 Interest payable and similar expenses

	2021 £000	2020 £000
Intercompany interest payable	**9**	11
Leases interest expense (note 11)	**7**	8
Taxes from previous years	**150**	-
	166	19

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

8 Tax on profit

	2021 £000	2020 £000
UK corporation tax		
Current tax on income for the year	-	-
Deferred tax:		
Current year	**(2)**	(6)
Adjustments in respect of prior periods	**-**	(1)
Effect of changes in tax rates	**(4)**	-
Total deferred tax	**(6)**	(7)
Total tax on profit/(loss)	**(6)**	(7)

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £000	2020 £000
Profit for the financial year	**520**	513
Tax on profit	**(6)**	(7)
Profit before taxation	**514**	506
Tax using the standard UK tax rate of 19% (2020: 19%)	**98**	96
Effects of:		
Adjustments in respect of prior years	**-**	(1)
Expenses not deductible	**37**	9
Income not taxable	**(1)**	-
Tax rate changes	**(4)**	-
Effects of group relief	**(136)**	(111)
Tax (credit)/charge for the year	**(6)**	**(7)**

	2021 £000
Deferred tax asset	
At start of year	10
Deferred tax charged to profit and loss	6
Adjustment in respect of prior years	-
At end of year	**16**

A deferred tax asset arises and has been fully recognised in respect of tangible fixed assets of £10,000 (2020: £9,000) and other short term timing differences of £1,000(2020: £1,000).

Finance Act 2020 legislated that the main rate of UK corporation tax will remain at 19% from 1 April 2020. However, after the third reading of the Finance Bill 2021 on 24 May 2021, it was substantially enacted that the tax rate would be increased to 25% for companies with profit in excess of £250,000 with effect 01 April 2023.
As substantive enactment is before the balance sheet date, deferred tax balances as at 31 December 2021 have been measured at a rate of 25%.

Marioff Limited

Notes *(continued)*
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8 Tax on profit *(continued)*

In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would be to reduce the deferred tax assets by £2.8k.

9 Intangible assets

	Software
	£000
Cost	
At beginning of year	35
Additions	-
At end of year	35
Accumulated Amortisation	
At beginning of year	(35)
Charged in year	-
At end of year	(35)
Net book value	
At 31 December 2021	**-**
At 31 December 2020	-

The amortisation charge for the current and prior year is recorded as part of administrative expenses.

10 Tangible assets

	Fixtures and fittings £000
Cost	
At beginning of year	32
Additions	-
Disposals	-
At end of year	32
Accumulated Depreciation	
At beginning of year	(30)
Depreciation charge for year	(1)
At end of year	(31)
Net book value	
At 31 December 2021	**1**
At 31 December 2020	2

From 2019 leased assets are presented as a separate line item in right-of-use assets under IFRS 16.

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

11 Leases

The company has lease contracts for its office, warehouse, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the statement of financial position IFRS16 (para 54).

The balance sheet shows the following amounts relating to leases:

Right of Use Assets	Land and buildings £000	Vehicles £000	**Total £000**
Cost			
Balance at 1 January 2021	173	39	**212**
Additions	-	-	**-**
Accumulated depreciation	(26)	(22)	**(48)**
Balance at 31 December 2021	147	17	**164**

The income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	**2021 £000**	2020 £000
Land and buildings	**(26)**	(25)
Vehicles	**(22)**	(20)
	(48)	(45)

Net book value of right-of-use assets	Land and buildings	Vehicles	**Total**
At 31 December 2021	**147**	**17**	**164**
At 31 December 2020	173	39	212

Additions to the right-of-use assets during the 2021 financial year were £nil (2020: £13,000).

Lease Liabilities	Land and buildings £000	Vehicles £000	**Total £000**
Current	25	16	**41**
Non-current	133	3	**136**
Balance at 31 December 2021	158	19	**177**

11 Leases *(continued)*

	2021	2020
	£000	£000
- Interest expense (included in finance cost)	**(7)**	(8)
- Expense relating to short-term leases (included in cost of sales & administrative expenses)	**(136)**	(174)
- Expense relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	**(9)**	(38)
- Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**-**	-
	(152)	(220)

The total cash outflow for leases in 2021 was £199,000 (2020: £264,000).

Future minimum lease payments at the balance sheet date are as follows:	**2021**	2020
	£000	£000
Not later than one year	**47**	54
Later than one year and not later than five years	**93**	140
Later than five years	**53**	53
Total gross payments	**193**	247
Impact of finance expenses	**(16)**	(24)
Carrying amount of liability	**177**	223

12 Stock

	2021	2020
	£000	£000
Raw material and consumables	**456**	320

Raw materials and consumables recognised as cost of sales in the year amounted to £2,789,000 (2020: £2,390,000).

In the opinion of the Directors the difference between the purchase price or production cost of stock and their replacement cost is not material. There is a provision of £236,000 (2020: £233,000) over stock held.

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

13 Debtors

	2021 £000	2020 £000
Trade debtors	**1,191**	2,220
Amounts recoverable on contracts	**2,117**	2,061
Amounts owed by group undertakings	**-**	14
Other debtors	**526**	515
Deferred tax asset (note 8)	**16**	10
	3,850	4,820

At 31 December 2021 aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £12,211,000 (2020: £11,955,000). Progress billings and advances received from customers under open construction contracts amounted to £9,818,000 (2020: £9,647,000). Advances for which related work has not started and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £75,000 (2020: £106,000).

At 31 December 2021 other debtors include retentions of £514,000 (2020: £504,000) relating to construction contracts in progress.

Amounts owed by group undertakings are unsecured, interest bearing and repayable on demand.

Trade receivables are stated after provisions for impairment of £56,000 (2020: £100,000).

14 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**108**	131
Amounts owed to group undertakings	**951**	1,730
Taxation and social security	**5**	52
Accruals and deferred income	**955**	1,258
Lease liabilities (note 11)	**41**	47
	2,060	3,218

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

Marioff Limited

Notes *(continued)*
(forming part of the financial statements)

15 Provisions for liabilities

	Contract Loss	Other Provision	Total
	£000	£000	£000
At 1 January 2021	-	205	205
Credited to the income statement			
- Released during the year	-	(55)	(55)
- Utilised during the year	-	(150)	(150)
At 31 December 2021	-	-	-

The contract loss provision relates specifically to construction contracts expected to conclude in a loss-making position. For 2021 the total number of contracts expected to be in a loss-making position is nil .

The other provision relates to a provision for withholding tax that was not deducted from Constructions Industry Scheme payments made to subcontractors during 2020. A resolution was agreed and settled with HMRC during 2021 and this movement is reflected in the utilization of the provision above.

16 Creditors: amounts falling due after one year

	2021	2020
	£000	£000
Lease liabilities (note 11)	**136**	176
	136	176

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

17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £64,000 (2020: £61,000).

Contributions of £11,000 (2020: £nil) were outstanding at the end of the financial year.

Notes *(continued)*
(forming part of the financial statements)

18 Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
100,000 (2020: 100,000) Ordinary shares of £1 each	**100**	100

19 Ultimate holding company and controlling party

The ultimate parent of the Company is Carrier Global Corporation, The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle, Delaware, United States, 19801.

The immediate parent company of Marioff Limited is Marioff Corporation OY, a company registered in Finland at Äyritie 24, 01510 Vantaa, Finland.

20 Subsequent events

No subsequent events have been identified