Sewell Facilities Management Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number 2997274

Sewell Facilities Management Limited

Annual report and financial statements for the year ended 31 December 2015

Contents

Sewell Facilities Management Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report on the Company for the year ended 31 December 2015.

Review of the business
2015 has again been a successful year for the Company with continued year on year growth. The business has continued to strengthen its education portfolio with additional contracts in both Hull and York.

Future developments
During 2015 the business increased its helpdesk and operational teams in anticipation of new opportunities in 2016. It is expected that these are likely to come to fruition in the health sector in late 2016.

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 affecting the Company are considered to relate to local and national government policies, particularly in relation to health and education and the retention of key employees.

Key performance indicators (KPI's)
The size and the nature of the business mean that directors do not feel that the disclosure of additional KPI's is necessary to understand the performance of the business and development of the Company. The KPI's used by the directors are turnover and gross and operating margins.

This report was approved by the board and signed on its behalf.

P E Sewell
Director

Date 29 September 2016

Sewell Facilities Management Limited

Directors' report for the year ended 31 December 2015

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2015.

Principal activities
The Company's principal activity during the year was the management and maintenance of facilities.

Future developments
Future developments are included in the Strategic report.

Results and dividends
The Company's profit for the year ended 31 December 2015 was £723,533 (2014: £429,605).

The Company has net cash of £658,866 (2014:£2,348,653).

No dividends were paid during the year. The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2015 (2014: £Nil). The profit for the financial year of £723,533 (2014: £429,605) has been added to reserves.

Change in accounting policy
This is the first year that the company has presented its results under FRS 102.

Directors
The directors who held office during the year and up to the date of the signing of this report are given below:

PE Sewell
SJ Davison
MJ Stead

Employees
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through in-house newsletters, team briefings, social media and an annual convention.

Financial risk management
The Sewell group's financing and financial risk management activities are managed on a group basis. Details of the risk management activities are disclosed in the financial statements of Sewell Ventures Limited.

Directors' report for the year ended 31 December 2015 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report was approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Sewell Facilities Management Limited

Directors' report for the year ended 31 December 2015 (continued)

This report was approved by the board and signed on its behalf.

P E Sewell
Director

Date 29 September 2016

Independent auditors' report to the members of Sewell Facilities Management Limited

Report on the financial statements

Our opinion

In our opinion, Sewell Facilities Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Sewell Facilities Management Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of Sewell Facilities Management Limited (continued)

Pete Adams

Peter Adams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
25 September 2016

Sewell Facilities Management Limited

Income statement for the year ended 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
Turnover		**4,440,934**	4,137,101
Cost of sales		**(2,690,784)**	(2,515,619)
Gross profit		**1,750,150**	1,621,482
Administrative expenses		**(1,028,800)**	(1,045,895)
Operating profit	3	**721,350**	575,587
Interest receivable and similar income	6	**1,753**	3,695
Profit on ordinary activities before taxation		**723,103**	579,282
Tax on profit on ordinary activities	7	**430**	(149,677)
Profit on ordinary activities after taxation		**723,533**	429,605

All of the above results are derived from continuing operations.

There is no other comprehensive income for the financial year.

Sewell Facilities Management Limited

Statement of financial position as at 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
Fixed assets			
Tangible assets	8	**75,093**	92,335
		75,093	92,335
Current assets			
Debtors – falling due within one year	9	**5,539,974**	2,978,352
Cash at bank and in hand		**658,866**	2,348,653
		6,198,840	5,327,005
Creditors: amounts falling due within one year	10	**(2,329,560)**	(2,195,074)
Net current assets		**3,869,280**	3,131,931
Total assets less current liabilities		**3,944,373**	3,224,266
Provisions for liabilities			
Deferred tax	13	**(469)**	(3,895)
Net assets		**3,943,904**	3,220,371
Capital and reserves			
Called up share capital	11	**100**	100
Retained earnings		**3,943,804**	3,220,271
Total equity		**3,943,904**	3,220,371

The financial statements on pages 8 to 27 were approved by the board of directors on 29 September 2016 and were signed on its behalf by:

P E Sewell
Director

Registered number 2997274

Sewell Facilities Management Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2014	100	2,790,666	2,790,766
Profit for the year	-	429,605	429,605
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	429,605	429,605
Balance as at 31 December 2014	100	3,220,271	3,220,371
Profit for the year	-	723,533	723,533
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	723,533	723,533
Balance as at 31 December 2015	**100**	**3,943,804**	**3,943,904**

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2015

1 Accounting policies

General Information
Sewell Facilities Management Limited ('the Company') operates as facilities managers.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Geneva Way, Leads Road, Hull, North Humberside, HU7 0D.

Statement of compliance
The individual financial statements of Sewell Facilities Management Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of 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
These financial statements are prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention as modified by recognition of investment properties, and some financial asset and financial liabilities at fair value. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in Note 16.
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company 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 policy "Critical judgements and estimates in applying the accounting policies" below.

Going concern
The Company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the Company's products. 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 facilities. 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.

1 Accounting policies (continued)

Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;

(ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and

(iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102

Foreign currency

(i) Functional and presentation currency
The Company's financial statements are presented in pound Sterling.

The Company's functional and presentation currency is the pound Sterling.

(ii) Transactions and balances
The company had had no foreign currency transactions or balances.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns and discounts, allowed by the Company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest. Deferred revenue is held on the balance sheet in respect of lifecycle income which arises from the long term contracts that the company have entered into. This balance is released to the income statement across the life of the project, dependent upon the level of lifecycle work performed.

The Company recognises turnover when (a) the significant risks and rewards of the service provided have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

1 Accounting policies (continued)

Turnover (continued)
Turnover is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably. The Company uses percentage of completion method based on the actual services performed as a percentage of the total services to be provided.

Employee benefits
The Company provides a range of benefits to employees, including holiday arrangements and defined contribution pension plans.

(i) **Short term benefits**
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) **Defined contribution pension plans**
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. Contributions are made to a Group Personal Pension Plan on behalf of certain employees and to a defined contribution scheme in respect of certain directors. The assets of the funds are held separately from those of the Company in independently administered funds. The charge to the income statement represents contributions payable by the Company to the funds. The pension cost charge for the year is disclosed as 'Other pension costs' in note 5.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred taxation
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1 Accounting policies (continued)

Taxation (continued)
(ii) Deferred taxation (continued)
Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and joint ventures, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property measured at fair value is measured using the tax rates and allowances that apply to sale of the asset.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation
Freehold land, investment properties and assets in the course of construction are not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Plant and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Operating (losses)/gains'.

Leases and hire purchase contracts
At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(a) Company as a lessor

(i) Finance leased assets
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

1 Accounting policies (continued)

(ii) Operating leased assets
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

(b) Company as a lessee

(i) Finance leased assets
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Assets leased to customers under finance leases are deemed to be sold at fair value which is taken to turnover at the inception of the lease. Debtors under finance leases represent outstanding amounts due under these arrangements less finance income allocated to future years. Finance lease interest is recognised over the period of the lease so as to produce a constant rate of return on the net cash investment in the lease.

1 Accounting policies (continued)

Impairment of non-financial assets
At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

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

1 Accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related Party transactions
The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Financial instruments
The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

If there is 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 the income statement.

Other financial assets, including investments in equity instruments which are not subsidiaries 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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Accounting policies (continued)

(ii) Financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to 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.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors 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.

Derivatives, including interest rate swaps 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 they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Accounting policies (continued)

Critical judgements and estimates in applying the accounting policies
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Key accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(b) Turnover recognition
The Company's turnover recognition policies, which are set out above, are central to the way the Company values the work it has carried out in each financial year and have been consistently applied.

Future amendments to FRS 102
Amendments to FRS 102 were issued in July 2015 as a result of changes to the EU-directives and UK Companies Regulations. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. Entities will have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2015). None of these are expected to have a significant effect on the financial statements of the Company.

2 Turnover

Turnover is generated from the principal activity of the company. All turnover arose within the United Kingdom.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Operating profit

	31 December 2015 £	31 December 2014 £
Operating profit is stated after charging:		
Depreciation - Owned assets (note 8)	**32,640**	26,877
Operating lease rentals - Vehicles	**81,570**	78,950

Services provided by the Group's auditor and its associates

During the year the Company obtained the following services from the Group's auditor and its associates:

	31 December 2015 £	31 December 2014 £
Audit Services		
Fees payable to Group auditor for the audit of the Company's financial statements	**8,000**	6,000
Non-Audit Services		
Fees payable to the Group's auditor and its associates for other services:		
Tax services	**1,500**	1,500

4 Directors' remuneration

	31 December 2015 £	31 December 2014 £
Aggregate remuneration	**77,502**	246,334

One director has benefits accruing under a defined contribution pension scheme (2014:1). Contributions of £9,952 (2014: 9,757) were payable by the Company during the year.

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Employee information

	31 December 2015 No.	31 December 2014 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	**25**	20
Site staff	**77**	70
	102	90

	31 December 2015 £	31 December 2014 £
The costs incurred in respect of these employees were:		
Wages and salaries	**1,634,543**	1,418,479
Social security costs	**161,924**	142,440
Other pension costs	**29,021**	22,891
	1,825,488	1,583,810

6 Interest

	31 December 2015 £	31 December 2014 £
Interest receivable and similar income		
Bank interest	**1,753**	3,695

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	31 December 2015 £	31 December 2014 £
Current tax:		
UK corporation tax charge on profit for the year	**-**	87,432
Adjustments in respect of prior years	**2,996**	27,664
Total current tax	**2,996**	115,096
Deferred tax:		
Origination and reversal of timing differences	**(3,416)**	37,163
Adjustments in respect of prior years	**-**	-
Changes in tax rates	**(10)**	(2,582)
Total deferred tax (note 13)	**(3,426)**	34,581
Tax on profit on ordinary activities	**(430)**	149,677

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Tax on profit on ordinary activities (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is higher (2014: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.49%). The differences are explained below:

	31 December 2015 £	31 December 2014 £
Profit on ordinary activities before taxation	**723,103**	579,282
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	**146,404**	124,506
Effects of:		
Expenses not deductible for tax purposes	**197**	89
Group relief	**(150,017)**	-
Changes in tax rates	**(10)**	(2,582)
Adjustments in respect of prior years	**2,996**	27,664
	(430)	149,677

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were enacted as part of the Finance (No. 2) Act 2015 on 18 November 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates. A further reduction of the main rate to 17% has been announced but not yet enacted. It is set to commence by 2020.

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Tangible assets

Group	Plant and equipment £
Cost	
At 1 January 2015	192,223
Additions	15,398
Disposals	-
At 31 December 2015	**207,621**
Accumulated depreciation	
At 1 January 2015	99,888
Charge for the year	32,640
Disposals	-
At 31 December 2015	**132,528**
Net book amount	
At 31 December 2015	**75,093**
At 31 December 2014	92,335

9 Debtors

	2015 £	2014 £
Trade debtors	**954,340**	956,829
Amounts owed by Group undertakings	**4,437,764**	1,985,074
Corporation tax	**1,192**	-
Prepayments and accrued income	**146,678**	36,449
	5,539,974	2,978,352

Amounts owed by Group undertakings are interest free and are repayable on demand.

There are no provisions held against the trade debtors balance (2014:£nil)

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Creditors – Amounts falling due within one year

	2015 **£**	2014 £
Trade creditors	**205,856**	68,493
Other creditors	**1,954,234**	1,749,372
Other taxation and social security	**55,710**	79,515
Corporation tax	**-**	84,436
Accruals and deferred income	**113,760**	213,258
	2,329,560	2,195,074

11 Called up share capital

	2015 **£**	2014 £
Authorised		
100 (2014: 100) ordinary shares of £1 each	**100**	100
Allotted, issued, called up and fully paid		
100 (2014: 100) ordinary shares of £1 each	**100**	100

12 Lease commitments

At 31 December 2015, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2015 **Vehicles** **£**	2014 Vehicles £
Not later than one year	**10,601**	10,137
Later than one year and not later than five years	**49,914**	64,654
Later than five years	**-**	-
	60,515	74,791

13 Deferred taxation

	31 December 2015 £	31 December 2014 £
At 1 January	**3,895**	(30,686)
(Credit) / charge during year	**(3,426)**	34,581
At end of year	**469**	3,895

The deferred taxation balance is made up as follows:

	31 December 2015 £	31 December 2014 £
Accelerated capital allowances	**469**	3,895
Other short term timing differences	**-**	-
At end of year	**469**	3,895

14 Related party transactions

In accordance with the exemption available under Section 33.1A 'Related Party Disclosures', transactions with other Group undertakings have not been disclosed in these financial statements.

Transactions between the Company and joint ventures of Sewell Ventures Limited during the year were as follows:

		31 December 2015		31 December 2014	
Name of company	**Type of transaction**	**Turnover amount £**	**Balance due £**	Turnover amount £	Balance due £
Hull Citycare Limited	Facilities management services	**2,271,287**	**-**	2,105,625	-
Sewell Education (York) Limited	Facilities management services	**672,953**	**-**	625,633	-

Refer to note 5 for details of pension contributions and emoluments for services provided by an employee paid during the year.

Refer to note 4 for disclosure of the directors' remuneration.

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Controlling parties

The immediate parent undertaking is Sewell Group Limited.

The ultimate parent undertaking is Sewell Ventures Limited, a company registered in England and Wales. Sewell Ventures Limited is controlled by P E Sewell.

Copies of the consolidated financial statements of Sewell Ventures Limited can be obtained from Geneva Way, Leads Road, Hull, HU7 0DG.

16 Transition to FRS 102

This is the first year that the Company have presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.