

Sewell Facilities Management Limited
Annual report and financial statements
for the year ended 31 December 2016

Registered Number 2997274

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Sewell Facilities Management Limited

Annual report and financial statements for the year ended 31 December 2016

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Sewell Facilities Management Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report on the Company for the year ended 31 December 2016.

Review of the business

2016 has again been a successful year for Sewell Facilities Management 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 early 2017 the business has been successful in converting a number of opportunities which have arisen on the back of strong relationships with our construction business. These are likely to come to fruition in late 2017. The business is also tooling up to look at some opportunities in the West Yorkshire market again via existing construction relationships.

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: 21 June 2017

Sewell Facilities Management Limited

Directors' report for the year ended 31 December 2016

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2016.

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 financial year ended 31 December 2016 was £418,470 (2015: £723,533).

The Company has net cash of £632,181 (2015: £658,866).

A dividend of £495,000 was paid in respect of the year ended 31 December 2016 (2015: £Nil). The profit for the financial year of £418,470 (2015: £723,533) has been added to reserves.

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.

Sewell Facilities Management Limited

Directors' report for the year ended 31 December 2016 (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;
- state whether applicable UK Accounting Standards 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 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.

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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

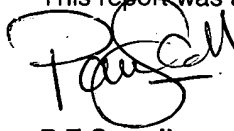
Independent auditors

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 2016 (continued)

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

A handwritten signature in black ink, appearing to read 'P E Sewell', is written over the printed name.

P E Sewell
Director

Date: 21 June 2017

Sewell Facilities Management Limited

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 2016 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 2016;
- 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

Sewell Facilities Management Limited

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

We have no exceptions to report arising from this responsibility.

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.

Sewell Facilities Management Limited

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

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Peter Adams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
21 June 2017

Sewell Facilities Management Limited

Income statement for the year ended 31 December 2016

		31 December 2016	31 December 2015
	Note	£	£
Turnover	2	4,567,231	4,440,934
Cost of sales		(2,738,312)	(2,690,784)
Gross profit		1,828,919	1,750,150
Administrative expenses		(1,307,044)	(1,028,800)
Operating profit	3	521,875	721,350
Interest receivable and similar income	6	-	1,753
Profit before taxation		521,875	723,103
Tax on profit	7	(103,405)	430
Profit for the financial year		418,470	723,533

All of the above results are derived from continuing operations.

There is no other comprehensive income for the financial year.

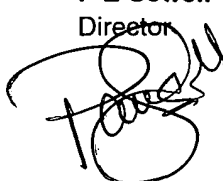
Sewell Facilities Management Limited

Statement of financial position as at 31 December 2016

	Note	31 December 2016 £	31 December 2015 £
Fixed assets			
Tangible assets	8	50,800	75,093
		50,800	75,093
Current assets			
Debtors – falling due within one year	9	5,886,837	5,539,974
Cash at bank and in hand		632,181	658,866
		6,519,018	6,198,840
Creditors: amounts falling due within one year	10	(2,702,444)	(2,329,560)
Net current assets		3,816,574	3,869,280
Total assets less current liabilities		3,867,374	3,944,373
Provisions for liabilities			
Deferred tax	13	-	(469)
Net assets		3,867,374	3,943,904
Capital and reserves			
Called up share capital	11	100	100
Retained earnings		3,867,274	3,943,804
Total equity		3,867,374	3,943,904

The financial statements on pages 8 to 27 were approved by the board of directors on 21 June 2017 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 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2015	100	3,220,271	3,220,371
Profit for the financial 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
Profit for the financial year	-	418,470	418,470
Other comprehensive income	-	-	-
Dividend		(495,000)	(495,000)
Total comprehensive income for the year	-	(76,530)	(76,530)
Balance as at 31 December 2016	100	3,867,274	3,867,374

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016

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 0DG.

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.

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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
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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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Leases and hire purchase contracts (continued)

(b) Company as a lessor

(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.

(c) 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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Financial instruments (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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (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.

2 Turnover

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

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Operating profit

	For the year ended 31 December 2016	For the year ended 31 December 2015
Operating profit is stated after charging:		
Depreciation - Owned assets (note 8)	30,704	32,640
Operating lease rentals - Vehicles	85,360	81,570

Services provided by the Company's auditors and their associates

During the year the Company obtained the following services from the company's auditors and its associates:

	For the year ended 31 December 2016 £	For the year ended 31 December 2015 £
Audit Services		
Fees payable to Company auditors for the audit of the Company's financial statements	8,000	8,000
Non-Audit Services		
Fees payable to the Company's auditors and its associates for other services:		
Tax services	1,500	1,500

4 Directors' remuneration

	For the year ended 31 December 2016 £	For the year ended 31 December 2015 £
Aggregate remuneration	88,981	77,502

One director has benefits accruing under a defined contribution pension scheme (2015:1). Contributions of £5,050 (2015: 9,952) were payable by the Company during the year.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Employee information

	For the year ended 31 December 2016 No.	For the year ended 31 December 2015 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	25	25
Site staff	80	77
	105	102

	For the year ended 31 December 2016 £	For the year ended 31 December 2015 £
The costs incurred in respect of these employees were:		
Wages and salaries	1,548,900	1,634,543
Social security costs	148,026	161,924
Other pension costs	24,372	29,021
	1,721,298	1,825,488

6 Interest

	For the year ended 31 December 2016 £	For the year ended 31 December 2015 £
Interest receivable and similar income		
Bank interest	-	1,753

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Tax on profit

(a) Tax expense included in profit or loss

	31 December 2016 £	31 December 2015 £
Current tax:		
UK corporation tax charge on profit for the year	107,263	-
Adjustments in respect of prior years	1,192	2,996
Total current tax	108,455	2,996
Deferred tax:		
Origination and reversal of timing differences	(2,757)	(3,416)
Adjustments in respect of prior years	(2,838)	-
Changes in tax rates	545	(10)
Total deferred tax (note 13)	(5,050)	(3,426)
Tax on profit	103,405	(430)

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Tax on profit on ordinary activities (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2015: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2016 of 20.0% (2015: 20.25%). The differences are explained below:

	31 December 2016 £	31 December 2015 £
Profit before taxation	521,875	723,103
Profit multiplied by the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	104,375	146,404
Effects of:		
Expenses not deductible for tax purposes	131	197
Group relief	-	(150,017)
Changes in tax rates	545	(10)
Adjustments in respect of prior years	(1,646)	2,996
Total tax charge/(credit)	103,405	(430)

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.

The main rate of corporation tax reduced from 21% to 20% from 1 April 2015. Further reductions to the UK tax rate have been announced and will reduce the rate by 1% per annum to 17% by 2020. The change to 17% from 1 April 2020 was substantively enacted on 6 September 2016. As this had been substantively enacted at the balance sheet date, this rate has been applied to the financial statements and deferred tax has been measured at 17%.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Tangible assets

	Plant and equipment £
Cost	
At 1 January 2016	207,621
Additions	6,411
Disposals	-
At 31 December 2016	214,032
Accumulated depreciation	
At 1 January 2016	132,528
Charge for the year	30,704
Disposals	-
At 31 December 2016	163,232
Net book amount	
At 31 December 2016	50,800
At 31 December 2015	75,093

9 Debtors

	2016 £	2015 £
Trade debtors	1,119,916	954,340
Amounts owed by Group undertakings	4,724,738	4,437,764
Corporation tax	-	1,192
Deferred tax (note 13)	4,581	-
Prepayments and accrued income	37,602	146,678
	5,886,837	5,539,974

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

There are no provisions held against the trade debtors balance (2015:£nil)

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Creditors – Amounts falling due within one year

	2016 £	2015 £
Trade creditors	77,050	205,856
Other creditors	2,072,530	1,954,234
Other taxation and social security	327,840	55,710
Corporation tax	107,263	-
Accruals and deferred income	117,761	113,760
	2,702,444	2,329,560

11 Called up share capital

	2016 £	2015 £
Authorised		
100 (2015: 100) ordinary shares of £1 each	100	100
Allotted, issued, called up and fully paid		
100 (2015: 100) ordinary shares of £1 each	100	100

12 Lease commitments

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

	2016 Vehicles £	2015 Vehicles £
Not later than one year	55,960	57,515
Later than one year and not later than five years	33,721	31,023
Later than five years	-	-
	89,681	88,538

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Deferred taxation

	2016 £	2015 £
At 1 January	469	3,895
(Credit) / charge during year	(5,050)	(3,426)
At end of year	(4,581)	469

The deferred taxation balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(4,581)	469
At end of year	(4,581)	469

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:

Name of company	Type of transaction	31 December 2016		31 December 2015	
		Turnover amount £	Balance due £	Turnover amount £	Balance due £
Hull Citycare Limited	Facilities management services	2,267,996	-	2,271,287	-
Sewell Education (York) Limited	Facilities management services	692,344	-	672,953	-

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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2016 (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.