

**Sewell Facilities Management Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

**Registered Number 2997274**



# **Sewell Facilities Management Limited**

## **Annual report and financial statements for the year ended 31 December 2019**

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# **Sewell Facilities Management Limited**

## **Strategic report for the year ended 31 December 2019**

The directors present their strategic report on the Company for the year ended 31 December 2019.

### **Review of the business**

2019 has again been a successful year for Sewell Facilities Management Limited. The business has continued to strengthen its health and education portfolio with additional contracts in both Hull and the wider Yorkshire region.

### **Future developments**

2020 is looking like a year of continued growth with the business capitalising on some of its regional contracts. In the longer term, the business is also keen to explore other opportunities in the Yorkshire market 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 of directors on 18 September 2020 and signed on behalf of the board by:



**P E Sewell**  
Director

# **Sewell Facilities Management Limited**

## **Directors' report for the year ended 31 December 2019**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

### **Principal activities**

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

### **Matters of strategic importance**

The future developments details that are required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with Section 414C(11) of the Companies Act 2006.

### **Results and dividends**

The Company's profit for the financial year ended 31 December 2019 was £472,939 (2018: £496,736).

The Company has net cash of £198,323 (2018: £967,965).

No dividend was paid in respect of the year ended 31 December 2019 (2018: £Nil). The profit for the financial year of £472,939 (2018: £496,736) has been added to reserves. As at year end, the company was in a net asset position of £5,121,502 (2018: £4,648,563).

### **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

### **Director indemnities**

Qualifying third party indemnity provisions as defined by Section 234 of the Companies Act were in place throughout the year.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual report including a Strategic 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 Company for that year. In preparing these financial statements, the directors are required to:

# Sewell Facilities Management Limited

## Directors' report for the year ended 31 December 2019 (continued)

### Statement of directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- 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.

### Statement of disclosure of information to auditors

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.

### Post balance sheet events

Subsequent to the year end there has been a global Covid-19 pandemic which has impacted on all areas and sectors including the facilities management market. The Company is continuing to operate, taking measures to ensure the health and safety of its employees and implementing the necessary business continuity procedures. The Company is monitoring the business risks associated with the pandemic. Some of the mitigating factors include, keeping adequate supplies of personal protective equipment at all business locations and monitoring and responding to Government advice on safe working practices.

### Independent auditors

Under section 487(2) of the Companies Act 2006, RSM UK Audit 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.

This report was approved by the board of directors on 18 September 2020 and signed on behalf of the board by:



**P E Sewell**

Director

On behalf of the Board

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

## **Opinion**

We have audited the financial statements of Sewell Facilities Management Limited (the 'company') for the year ended 31 December 2019 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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

## **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.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RICHARD LEWIS (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

*28* September 2020



# Sewell Facilities Management Limited

## Income statement for the year ended 31 December 2019

		2019	2018
	Note	£	£
Turnover	2	5,585,986	5,061,970
Cost of sales		(3,483,583)	(3,155,655)
Gross profit		2,102,403	1,906,315
Administrative expenses		(1,520,365)	(1,401,280)
Operating profit	3	582,038	505,035
Interest receivable and similar income	6	620	16
Profit before taxation		582,658	505,051
Tax on profit	7	(109,719)	(8,315)
Profit for the financial year		472,939	496,736

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 2019

	Note	31 December 2019 £	31 December 2018 £
<b>Fixed assets</b>			
Tangible assets	8	51,754	34,880
		<b>51,754</b>	<b>34,880</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	8,992,750	7,881,067
Cash at bank and in hand		198,323	967,965
		<b>9,191,073</b>	<b>8,849,032</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(4,121,325)</b>	<b>(4,235,349)</b>
<b>Net current assets</b>		<b>5,069,748</b>	<b>4,613,683</b>
<b>Total assets less current liabilities</b>		<b>5,121,502</b>	<b>4,648,563</b>
<b>Net assets</b>		<b>5,121,502</b>	<b>4,648,563</b>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Retained earnings		5,121,402	4,648,463
		<b>5,121,502</b>	<b>4,648,563</b>

The financial statements on pages 7 to 24 were approved by the board of directors and authorised for issue on 18 September 2020 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 2019

	Called up share capital £	Retained earnings £	Total £
<b>Balance as at 1 January 2018</b>	<b>100</b>	<b>4,151,727</b>	<b>4,151,827</b>
Profit for the financial year	-	496,736	496,736
Total comprehensive income for the year	-	496,736	496,736
<b>Balance as at 31 December 2018</b>	<b>100</b>	<b>4,648,463</b>	<b>4,648,563</b>
Profit for the financial year	-	472,939	472,939
Total comprehensive income for the year	-	472,939	472,939
<b>Balance as at 31 December 2019</b>	<b>100</b>	<b>5,121,402</b>	<b>5,121,502</b>

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **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, HU7 0DG.

#### **Basis of accounting**

The individual financial statements of Sewell Facilities Management Limited have been prepared in accordance 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.

The financial statements have been prepared in accordance with the FRS 102 Triennial Review 2017. The reported financial position and financial performance for the previous period are not affected by the application of the FRS 102 Triennial Review 2017.

#### **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 directors are also aware of the challenges and uncertainties that Brexit may bring in respect of the Company's trading activities and some of its balance sheet values. However the directors feel that the Company has adequate resources and is well placed to respond to these uncertainties.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

#### **Going concern (continued)**

The current Covid-19 pandemic has created an unprecedented challenge for the Company in making judgements regarding trading prospects. The pandemic has impacted on the Company's ability to trade during the second quarter of the 2020 financial year. The Company has prepared forecasts up to 31 December 2022 based upon what it considers to be worst case assumptions for the period from June 2020. After considering these forecasts, together with the available government support, the directors are of the opinion they have enough resources to cover expected expenses to 31 December 2022.

As such the directors consider that the Company has adequate resources to continue in operational existence for the period of the forecasts to 31 December 2022 and believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **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 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.

#### **Functional and presentational 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.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

#### **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.

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.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

#### **Taxation (continued)**

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.

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.

#### **Depreciation**

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.

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'.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

#### **Leases**

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.

##### **(i) 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.

#### **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.

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 had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

#### **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 2019 (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.

#### **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 amounts owed by Group undertakings 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.

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.

##### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts owed to fellow Group undertakings 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.

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

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

#### **Financial instruments (continued)**

recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

#### **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.

#### **(c) Lifecycle costs**

Lifecycle costs are carried forward in the statement of financial position and released in line with work performed in respect of lifecycle services which are determined by financial models. Any excess amounts in the model being lifecycle costs not requiring to be incurred, require judgement as to when these are released to the income statement to ensure the revenue is not recognised inappropriately when compared to the level of work to be performed on these contracts.

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 2 Turnover

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

### 3 Operating profit

	2019 £	2018 £
<b>Operating profit is stated after charging:</b>		
Depreciation - Owned assets (note 8)	24,058	18,835
Operating lease rentals - Vehicles	76,235	79,604

#### 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:

	2019 £	2018 £
<b>Audit Services</b>		
Fees payable to Company auditors for the audit of the Company's financial statements	10,000	10,000

### 4 Directors' remuneration

	2019 £	2018 £
Aggregate remuneration	121,562	91,897

One director has benefits accruing under a defined contribution pension scheme (2018:1). Contributions of £Nil (2018: £Nil) were payable by the Company during the year.

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 5 Employee information

	2019 No.	2018 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	19	19
Site staff	65	67
	84	86

	2019 £	2018 £
The costs incurred in respect of these employees were:		
Wages and salaries	1,771,490	1,567,560
Social security costs	173,606	154,173
Other pension costs	68,422	45,837
	2,013,518	1,767,570

### 6 Interest receivable and similar income

	2019 £	2018 £
Interest receivable and similar income		
Bank interest	-	-
Other interest	620	16
	620	16

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 7 Tax on profit

#### (a) Tax expense included in profit or loss

	2019 £	2018 £
<b>Current tax:</b>		
UK corporation tax charge on profit for the year	94,723	90,503
Group relief	-	-
Adjustments in respect of prior years	-	(69,580)
<b>Total current tax</b>	<b>94,723</b>	<b>20,923</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	14,996	5,082
Adjustments in respect of prior years	-	(17,690)
Changes in tax rates	-	-
<b>Total deferred tax (note 13)</b>	<b>14,996</b>	<b>(12,608)</b>
<b>Tax on profit</b>	<b>109,719</b>	<b>8,315</b>

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 7 Tax on profit (continued)

#### (b) Reconciliation of tax charge

The tax assessed for the year is lower (2018: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	582,658	505,051
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	110,705	95,960
<b>Effects of:</b>		
Expenses not deductible for tax purposes	778	223
Changes in tax rates	(1,764)	(598)
Adjustments in respect of prior years	-	(87,270)
<b>Total tax charge</b>	<b>109,719</b>	<b>8,315</b>

#### Factors that may affect future tax charges

The Chancellor of the Exchequer delivered his Budget to Parliament on 11 March 2020 in which he confirmed that the corporation tax rate would not reduce to 17% as previously announced, but would remain at 19% for 2020/21. Therefore the rate at which deferred tax balances are provided will increase in future financial statements from the current 17%. As the rate that had been substantively enacted at the balance sheet date was 17%, deferred tax has been provided for in this set of financial statements at that rate.

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 8 Tangible assets

	Plant and equipment £
<b>Cost</b>	
At 1 January 2019	180,489
Additions	40,932
<b>At 31 December 2019</b>	<b>221,421</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	145,609
Charge for the year	24,058
<b>At 31 December 2019</b>	<b>169,667</b>
<b>Net book amount</b>	
<b>At 31 December 2019</b>	<b>51,754</b>
At 31 December 2018	34,880

### 9 Debtors: amounts falling due within one year

	31 December 2019 £	31 December 2018 £
Trade debtors	585,178	510,660
Amounts owed by Group undertakings	8,352,876	7,305,023
Prepayments and accrued income	49,839	45,531
Deferred tax (note 13)	4,857	19,853
	<b>8,992,750</b>	<b>7,881,067</b>

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

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 10 Creditors: amounts falling due within one year

	31 December 2019 £	31 December 2018 £
Trade creditors	56,887	86,761
Amounts owed to Group undertakings	131,407	40,904
Other taxation and social security	261,185	380,744
Corporation tax	94,723	4,532
Other creditors	3,435,267	3,515,286
Accruals and deferred income	141,856	207,122
	<b>4,121,325</b>	<b>4,235,349</b>

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

The Company is part of a group banking facility which is secured by way of a debenture and cross guarantee over all assets of the Company.

### 11 Called up share capital

	31 December 2019 £	31 December 2018 £
<b>Authorised</b>		
100 (2018: 100) ordinary shares of £1 each	100	100
<b>Allotted, issued, called up and fully paid</b>		
100 (2018: 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:

	2019 Vehicles £	2018 Vehicles £
Not later than one year	57,000	59,785
Later than one year and not later than five years	35,092	43,757
	<b>92,092</b>	<b>103,542</b>



# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 13 Deferred taxation

	31 December 2019 £	31 December 2018 £
At 1 January	(19,853)	(7,245)
(Credit)/charge during year	14,996	(12,608)
At end of year end (note 9)	(4,857)	(19,853)

The deferred taxation balance is made up as follows:

	31 December 2019 £	31 December 2018 £
Accelerated capital allowances	706	(4,097)
Short term timing differences	(5,563)	(15,756)
	(4,857)	(19,853)

### 14 Related party transactions

Transactions between the Company and non-wholly owned Group undertakings during the year were as follows:

Name of company	Type of transaction	31 December 2019		31 December 2018	
		Transaction amount £	Balance due £	Transaction amount £	Balance due £
Hull Citycare Limited	Facilities management services	3,176,078	-	2,679,577	-
Sewell Education (York) Limited	Facilities management services	763,845	14,481	756,759	145,763
Sewell Retail Limited	Facilities management services	138,156	18,794	198,197	12,683
Sewell Group Limited	Management charges	(493,507)	7,778,348	(501,459)	6,687,655

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (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.

Sewell Ventures Limited is the smallest and largest group for which consolidated financial statements including Sewell Facilities Management Limited are prepared. Copies of the consolidated financial statements of Sewell Ventures Limited can be obtained from Geneva Way, Leads Road, Hull, HU7 0DG.

### **16 Post balance sheet events**

As a result of the Covid-19 (Coronavirus) pandemic, there was a dramatic downturn in global markets in March 2020. The outbreak is having an impact on the Company's ability to trade and the directors are monitoring the situation and considering how best to respond to the emerging issues. The directors have prepared amended forecasts up to 31 December 2022 based on what they consider to be worst case assumptions. These forecasts demonstrate that the Company has adequate resources to cover expected expenses to 31 December 2022. The directors regard the impact of Covid-19 as a non-adjusting post balance sheet event and no adjustments have been made to the financial statements at 31 December 2019.