

**Sewell Facilities Management Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2021**

**Registered Number 2997274**

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# **Sewell Facilities Management Limited**

## **Annual report and financial statements for the year ended 31 December 2021**

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# **Sewell Facilities Management Limited**

## **Strategic report for the year ended 31 December 2021**

The directors present their strategic report on the Company for the year ended 31 December 2021.

### **Review of the business**

2021 has again been a successful year for Sewell Facilities Management Limited despite the ongoing challenges of Covid-19. The business has continued to strengthen its health and education portfolio with additional contracts in both Hull and the wider Yorkshire region.

### **Future developments**

2022 is looking like a year of consolidation with the business building on some of its regional contracts. The business is also keen to explore opportunities in order to expand its service offer and its reach across the Yorkshire region.

### **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 30 August 2022 and signed on behalf of the board by:



**P E Sewell**  
Director

# **Sewell Facilities Management Limited**

## **Directors' report for the year ended 31 December 2021**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

### **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 2021 was £304,173 (2020: £74,068).

The Company has net cash of £1,026,324 (2020: £1,991,188).

No dividend was paid in respect of the year ended 31 December 2021 (2020: £Nil). The profit for the financial year of £304,173 (2020: £74,068) has been added to reserves. As at year end, the company was in a net asset position of £5,499,743 (2020: £5,195,570).

### **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 (resigned 1 October 2021)

JL Barnes (appointed 1 October 2021)

S Henderson (appointed 24 November 2021)

### **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 2021 (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.

### **Covid-19**

The Covid-19 pandemic which has impacted on all areas and sectors including the facilities management market continued throughout 2021. The pandemic continued to shape safe working practices but had limited impact on the Company's ability to trade. The Company received grants via the Coronavirus Job Retention Scheme in the early part of 2021 but since then no external support has been required. Subsequent to the year end, the Company has adopted the Government's: Living with Covid-19 plan. This has included continuing with additional cleaning regimes and maintaining screens in offices in order to protect our people.

### **Post balance sheet events**

February 2022 saw Russia invade Ukraine which has caused significant uncertainty on all sectors including the facilities management market. As a result, the Company has witnessed supply chain availability issues and material price increases. The Company's ability to trade has not been materially impacted by the conflict and as such the directors regard it as a non-adjusting post balance sheet event and no adjustments have been made to the financial statements at 31 December 2021.

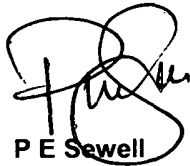
# **Sewell Facilities Management Limited**

## **Directors' report for the year ended 31 December 2021 (continued)**

### **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 30 August 2022 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 2021 which comprise income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including 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 2021 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or 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.

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.



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

## **The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations, reviewed Board minutes and requested sight of any other relevant correspondence in order to draw a conclusion.

The audit engagement team identified the risk of management override of controls and the risk of fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to;

- testing manual journal entries and other adjustments and evaluating the business rationale,
- challenging judgements and estimates made by management in relation to significant, unusual transactions and transactions entered into outside the normal course of business,
- performing tests of detail on a sample of revenue transactions to obtain evidence in respect of valuation and performing a review of the appropriate application of the company's revenue recognition accounting policy.

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

5 September 2022

# Sewell Facilities Management Limited

## Income statement for the year ended 31 December 2021

		2021	2020
	Note	£	£
<b>Turnover</b>	2	<b>5,866,119</b>	6,325,630
Cost of sales		<b>(3,505,241)</b>	(3,899,632)
<b>Gross profit</b>		<b>2,360,878</b>	2,425,998
Administrative expenses		<b>(1,983,236)</b>	(2,334,468)
<b>Operating profit</b>	3	<b>377,642</b>	91,530
Interest receivable and similar income		-	-
<b>Profit before taxation</b>		<b>377,642</b>	91,530
Tax on profit	6	<b>(73,469)</b>	(17,462)
<b>Profit for the financial year</b>		<b>304,173</b>	74,068

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 2021

	Note	31 December 2021 £	31 December 2020 £
<b>Fixed assets</b>			
Tangible assets	7	57,206	38,108
		<b>57,206</b>	<b>38,108</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	10,373,420	8,885,104
Cash at bank and in hand		1,026,324	1,991,188
		<b>11,399,744</b>	<b>10,876,292</b>
<b>Creditors: amounts falling due within one year</b>	9	<b>(5,951,685)</b>	<b>(5,718,830)</b>
<b>Net current assets</b>		<b>5,448,059</b>	<b>5,157,462</b>
<b>Total assets less current liabilities</b>		<b>5,505,265</b>	<b>5,195,570</b>
<b>Provision for liabilities</b>	12	<b>(5,522)</b>	-
<b>Net assets</b>		<b>5,499,743</b>	<b>5,195,570</b>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Retained earnings		5,499,643	5,195,470
		<b>5,499,743</b>	<b>5,195,570</b>

The financial statements on pages 9 to 26 were approved by the board of directors and authorised for issue on 30 August 2022 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 2021

	Called up share capital £	Retained earnings £	Total £
<b>Balance as at 1 January 2020</b>	<b>100</b>	<b>5,121,402</b>	<b>5,121,502</b>
Profit for the financial year	-	74,068	74,068
Total comprehensive income for the year	-	74,068	74,068
<b>Balance as at 31 December 2020</b>	<b>100</b>	<b>5,195,470</b>	<b>5,195,570</b>
Profit for the financial year	-	304,173	304,173
Total comprehensive income for the year	-	304,173	304,173
<b>Balance as at 31 December 2021</b>	<b>100</b>	<b>5,499,643</b>	<b>5,499,743</b>

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **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, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

#### **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 aware of the challenges and uncertainties that Brexit and Covid-19 have brought 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 2021 (continued)**

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

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

Subsequent to the year end, the conflict in Ukraine has also brought further challenges for the Company in making judgements regarding trading prospects. The Company has witnessed supply chain availability issues and material price increases however the Company's ability to trade has not been materially impacted. The Company has prepared forecasts up to 31 December 2024 based upon what it considers to be worst case assumptions. After considering these forecasts, the directors are of the opinion they have enough resources to cover expected expenses to 31 December 2024.

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 2024 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;

#### **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 2021 (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 2021 (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
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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.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (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 2021 (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 recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

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

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

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

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.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **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.

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.

##### **(a) 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.

##### **(b) 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 2021 (continued)

### 2 Turnover

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

### 3 Operating profit

	2021 £	2020 £
<b>Operating profit is stated after charging/(crediting):</b>		
Coronavirus Job Retention Scheme grant	(4,351)	(63,975)
Depreciation - owned assets (note 7)	28,943	24,353
Operating lease rentals - vehicles	103,774	86,347

#### 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:

	2021 £	2020 £
<b>Audit Services</b>		
Fees payable to Company auditors for the audit of the Company's financial statements	12,000	10,000

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 4 Directors' remuneration

	2021 £	2020 £
Aggregate remuneration	331,726	188,929

One director has benefits accruing under a defined contribution pension scheme (2020:1). Contributions of £989 (2020: £1,313) were payable by the Company during the year.

The current year remuneration includes compensation for loss of office of £285,594.

### 5 Employee information

	2021 No.	2020 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	19	19
Site staff	62	64
	81	83

	2021 £	2020 £
The costs incurred in respect of these employees were:		
Wages and salaries	2,028,962	1,643,983
Social security costs	199,602	163,106
Other pension costs	86,459	84,645
	2,315,023	1,891,734

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6 Tax on profit

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

	2021 £	2020 £
<b>Current tax:</b>		
UK corporation tax charge on profit for the year	67,095	18,681
Group relief	-	-
Adjustments in respect of prior years	219	(5,443)
<b>Total current tax</b>	<b>67,314</b>	<b>13,238</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	6,532	(964)
Adjustments in respect of prior years	(134)	5,153
Changes in tax rates	(243)	35
<b>Total deferred tax (note 12)</b>	<b>6,155</b>	<b>4,224</b>
<b>Tax on profit</b>	<b>73,469</b>	<b>17,462</b>

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6 Tax on profit (continued)

#### (b) Reconciliation of tax charge

The tax assessed for the year is higher (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	377,642	91,530
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	71,752	17,391
Effects of:		
Expenses not deductible for tax purposes	307	326
Changes in tax rates	1,325	35
Adjustments in respect of prior years	85	(290)
<b>Total tax charge</b>	<b>73,469</b>	<b>17,462</b>

#### Factors that may affect future tax charges

The Chancellor of the Exchequer delivered his Budget to Parliament on 3 March 2021 in which he confirmed that the corporation tax rate would increase from the current rate of 19% from 1 April 2023 for companies with profits greater than £50,000. Therefore, the rate at which deferred tax balances are provided is likely to increase in future financial statements from the current 19% to 25%. As the rate that had been substantively enacted at the balance sheet date was 25%, 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 2021 (continued)

### 7 Tangible assets

	Plant and equipment £
<b>Cost</b>	
At 1 January 2021	193,488
Additions	48,041
<b>At 31 December 2021</b>	<b>241,529</b>
<b>Accumulated depreciation</b>	
At 1 January 2021	155,380
Charge for the year	28,943
<b>At 31 December 2021</b>	<b>184,323</b>
<b>Net book amount</b>	
<b>At 31 December 2021</b>	<b>57,206</b>
At 31 December 2020	38,108

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

	31 December 2021 £	31 December 2020 £
Trade debtors	1,648,219	309,008
Amounts owed by Group undertakings	8,680,340	8,497,215
Prepayments and accrued income	44,861	78,248
Deferred tax (note 12)	-	633
	<b>10,373,420</b>	<b>8,885,104</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 2021 (continued)

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

	31 December 2021 £	31 December 2020 £
Trade creditors	100,119	65,057
Amounts owed to Group undertakings	4,095	22,779
Other taxation and social security	374,350	652,871
Corporation tax	107,809	18,681
Other creditors	4,331,087	4,769,470
Accruals and deferred income	1,034,225	189,972
	<b>5,951,685</b>	<b>5,718,830</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.

### 10 Called up share capital

	31 December 2021 £	31 December 2020 £
<b>Authorised</b>		
100 (2020: 100) ordinary shares of £1 each	100	100
<b>Allotted, issued, called up and fully paid</b>		
100 (2020: 100) ordinary shares of £1 each	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 11 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:

	2021 Vehicles £	2020 Vehicles £
Not later than one year	88,456	8,259
Later than one year and not later than five years	38,397	155,048
	<b>126,853</b>	<b>163,307</b>

# Sewell Facilities Management Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 12 Deferred taxation

	31 December 2021 £	31 December 2020 £
At 1 January	(633)	(4,857)
Charge during year	6,155	4,224
At end of year end	5,522	(633)

The deferred taxation balance is made up as follows:

	31 December 2021 £	31 December 2020 £
Accelerated capital allowances	6,300	(176)
Short term timing differences	(778)	(457)
	5,522	(633)

### 13 Related party transactions

Transactions between the Company and Jointly Controlled Entities during the year were as follows:

Nature of relationship	Type of transaction	31 December 2021		31 December 2020	
		Transaction amount £	Balance due £	Transaction amount £	Balance due £
Jointly Controlled entities of the ultimate parent undertaking	Facilities management services	4,102,074	639,441	4,036,262	-

### 14 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 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.

# **Sewell Facilities Management Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **15 Post balance sheet events**

February 2022 saw Russia invade Ukraine which has caused significant uncertainty in all sectors including the facilities management market. As a result, the Company has witnessed supply chain availability issues and material price increases. The Company's ability to trade has not been materially impacted by the conflict and as such the directors regard it as a non-adjusting post balance sheet event and no adjustments have been made to the financial statements at 31 December 2021.