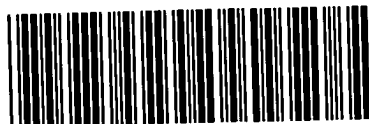


Sewell Facilities Management Limited
Annual report and financial statements
for the year ended 31 December 2022

Registered Number 2997274

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Sewell Facilities Management Limited

Annual report and financial statements for the year ended 31 December 2022

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Sewell Facilities Management Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report on the Company for the year ended 31 December 2022.

Review of the business

2022 has again been a successful year for Sewell Facilities Management Limited despite the ongoing uncertain economic climate. The business has continued to strengthen its health and education portfolio with additional contracts in both Hull and the wider Yorkshire region.

Future developments

2023 is looking like a year of consolidation with the business building on some of its regional contracts. The business is also keen to explore other compliance and sustainability opportunities in order to expand its service offer and its reach across the Yorkshire region.

Principal risks and uncertainties

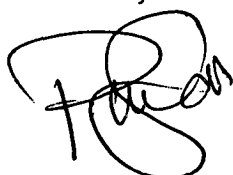
The management of the business and the execution of the Company's strategy are subject to a number of risks.

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 23 August 2023 and signed on behalf of the board by:



P E Sewell
Director

Sewell Facilities Management Limited

Directors' report for the year ended 31 December 2022

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

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 2022 was £124,796 (2021: £304,173).

The Company has net cash of £902,958 (2021: £1,026,324).

No dividend was paid in respect of the year ended 31 December 2022 (2021: £Nil). The profit for the financial year of £124,796 (2021: £304,173) has been added to reserves. As at year end, the company was in a net asset position of £5,624,539 (2021: £5,499,743).

Directors

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

P E Sewell
S J Davison
J L Barnes
S Henderson

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 2022 (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

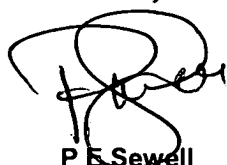
In the case of each director in office at the date the Directors' Report is approved:

- 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.

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 23 August 2023 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 2022 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 2022 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 existence and 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

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Sewell Facilities Management Limited

Income statement for the year ended 31 December 2022

		2022	2021
	Note	£	£
Turnover	2	7,418,648	5,866,119
Cost of sales		(4,796,241)	(3,505,241)
Gross profit		2,622,407	2,360,878
Administrative expenses		(2,473,176)	(1,983,236)
Operating profit	3	149,231	377,642
Interest receivable and similar income		-	-
Profit before taxation		149,231	377,642
Tax on profit	6	(24,435)	(73,469)
Profit for the financial year		124,796	304,173

All of the above results are derived from continuing operations.

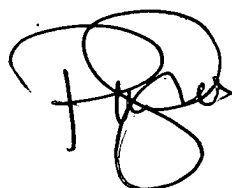
There is no other comprehensive income for the financial year.

Sewell Facilities Management Limited

Statement of financial position as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Fixed assets			
Tangible assets	7	41,494	57,206
		41,494	57,206
Current assets			
Debtors: amounts falling due within one year	8	10,882,173	10,373,420
Cash at bank and in hand		902,958	1,026,324
		11,785,131	11,399,744
Creditors: amounts falling due within one year	9	(6,201,187)	(5,951,685)
Net current assets		5,583,944	5,448,059
Total assets less current liabilities		5,625,438	5,505,265
Provision for liabilities	12	(899)	(5,522)
Net assets		5,624,539	5,499,743
Capital and reserves			
Called up share capital	10	100	100
Retained earnings		5,624,439	5,499,643
		5,624,539	5,499,743

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 23 August 2023 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 2022

	Called up share capital £	Retained earnings £	Total £
Balance as at 1 January 2021	100	5,195,470	5,195,570
Profit for the financial year	-	304,173	304,173
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2021	100	5,499,643	5,499,743
Profit for the financial year	-	124,796	124,796
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2022	100	5,624,439	5,624,539

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022

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 ongoing challenges in the FM sector and current economic uncertainties that Brexit and the conflict in Ukraine have brought in respect of the Company's trading activities. 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 2022 (continued)

1 Accounting policies (continued)

Going concern (continued)

The Company has prepared forecasts up to 31 December 2025 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 2025.

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 2025 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 exemption:

- (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 has had no foreign currency transactions or balances.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022 (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; (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 2022 (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.

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022 (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 2022 (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 2022 (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.

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 2022 (continued)

2 Turnover

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

3 Operating profit

	2022 £	2021 £
Operating profit is stated after charging/(crediting):		
Coronavirus Job Retention Scheme grant	-	(4,351)
Depreciation - owned assets (note 7)	24,662	28,943
Operating lease rentals - vehicles	92,791	103,774

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:

	2022 £	2021 £
Audit Services		
Fees payable to Company auditors for the audit of the Company's financial statements	13,600	12,000

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Directors' remuneration

	2022 £	2021 £
Aggregate remuneration	192,258	331,726

One director has benefits accruing under a defined contribution pension scheme (2021:1). Contributions of £1,321 (2021: £989) were payable by the Company during the year.

The prior year remuneration included compensation for loss of office of £285,594.

5 Employee information

	2022 No.	2021 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	25	19
Site staff	58	62
	83	81

	2022 £	2021 £
The costs incurred in respect of these employees were:		
Wages and salaries	2,255,418	2,028,962
Social security costs	233,226	199,602
Other pension costs	102,778	86,459
	2,591,422	2,315,023

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Tax on profit

(a) Tax expense included in profit or loss

	2022 £	2021 £
Current tax:		
UK corporation tax charge on profit for the year	31,481	67,095
Adjustments in respect of prior years	(2,423)	219
Total current tax	29,058	67,314
Deferred tax:		
Origination and reversal of timing differences	(3,444)	6,532
Adjustments in respect of prior years	(92)	(134)
Changes in tax rates	(1,087)	(243)
Total deferred tax (note 12)	(4,623)	6,155
Tax on profit	24,435	73,469

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2021: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	149,231	377,642
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	28,354	71,752
Effects of:		
Expenses not deductible for tax purposes	(316)	307
Changes in tax rates	(1,088)	1,325
Adjustments in respect of prior years	(2,515)	85
Total tax charge	24,435	73,469

Factors that may affect future tax charges

In his spring budget delivered on 15 March 2023 the Chancellor of the Exchequer confirmed that previously announced rate rise from the current rate of 19% to 25% from 1 April 2023 for companies with profits greater than £50,000, would still be going ahead. 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 2022 (continued)

7 Tangible assets

	Plant and equipment £
Cost	
At 1 January 2022	241,529
Additions	8,950
Disposals	(21,809)
At 31 December 2022	228,670
Accumulated depreciation	
At 1 January 2022	184,323
Charge for the year	24,662
Disposals	(21,809)
At 31 December 2022	187,176
Net book amount	
At 31 December 2022	41,494
At 31 December 2021	57,206

8 Debtors: amounts falling due within one year

	31 December 2022 £	31 December 2021 £
Trade debtors	1,932,629	1,648,219
Amounts owed by Group undertakings	8,896,193	8,680,340
Prepayments and accrued income	53,351	44,861
	10,882,173	10,373,420

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 2022 (continued)

9 Creditors: amounts falling due within one year

	31 December 2022 £	31 December 2021 £
Trade creditors	71,867	100,119
Amounts owed to Group undertakings	11,678	4,095
Other taxation and social security	449,739	374,350
Corporation tax	31,480	107,809
Other creditors	4,475,197	4,331,087
Accruals and deferred income	1,161,226	1,034,225
	6,201,187	5,951,685

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 2022 £	31 December 2021 £
Authorised		
100 (2021: 100) ordinary shares of £1 each	100	100
Allotted, issued, called up and fully paid		
100 (2021: 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:

	2022 Vehicles £	2021 Vehicles £
Not later than one year	60,732	88,456
Later than one year and not later than five years	58,703	38,397
	119,435	126,853

Sewell Facilities Management Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Deferred taxation

	31 December 2022 £	31 December 2021 £
At 1 January	5,522	(633)
(Credit)/charge during year	(4,623)	6,155
At end of year end	899	5,522

The deferred taxation balance is made up as follows:

	31 December 2022 £	31 December 2021 £
Accelerated capital allowances	3,812	6,300
Short term timing differences	(2,913)	(778)
	899	5,522

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 2022		31 December 2021	
		Transaction amount £	Balance due £	Transaction amount £	Balance due £
Jointly Controlled entities of the ultimate parent undertaking	Facilities management services	4,316,108	1,147,974	4,102,074	639,441

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.