

Registration number: 09828017

# Somerset Passenger Solutions Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2021



## **Somerset Passenger Solutions Ltd**

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## **Somerset Passenger Solutions Ltd**

### **Company Information**

<b>Directors</b>	Mr J W Berry Mr A P Carter Mr S A Cursio Mr J A Thompson Mr C Brown Mr G R Fearnley
<b>Registered office</b>	J24 Hinkley Point C Park and Ride Huntworth Business Park Bridgwater TA6 6TS
<b>Solicitors</b>	Clarke Willmott Solicitors Blackbrook Gate 1 Blackbrook Park Avenue Taunton TA1 2PG
<b>Auditors</b>	Albert Goodman LLP Chartered Accountants and Registered Auditors Goodwood House Blackbrook Park Avenue Taunton Somerset TA1 2PX

## **Somerset Passenger Solutions Ltd**

### **Strategic Report for the Year Ended 31 December 2021**

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

#### **Review of the business**

Somerset Passenger Solutions Ltd (SPS) was incorporated in October 2015 and was a joint venture between First South West Limited and JJP Holdings (South West) Limited.

First South West Limited acquired JJP Holdings' shareholding of Somerset Passenger Solutions Ltd through a joint venture buyout in September 2021.

The prestigious contract, for SPS to provide the passenger transportation required to support the EDF Hinkley Point C new nuclear build commenced in January 2017.

The contract commenced in January 2017 and is expected to continue through to the completion of the Hinkley Point C nuclear power station.

SPS also manage five HPC Park & Ride locations and monitor staff parking in and around the HPC Site and the Bridgwater area for EDF NNB.

The business has performed in line with expectations and there have been no material fluctuations from the previous year. Operating profit for the year ended 31 December 2021 was £2,698,563 (31 December 2020 was £3,952,994) with a cash in hand position of £763,411 (31 December 2020 - £2,225,006).

#### **Key performance indicators**

An element of SPS profitability is subject to Key Performance Indicators (KPI's) defined in collaboration with EDF NNB across the contract based on the following criteria:

- Health & safety
- Services running to start and finish time
- Correctly allocated vehicle type
- Vehicle availability
- Passenger complaints

SPS continue to perform well against the KPI targets.

Due to the nature of the contract the company's financial KPI's are operating profit and cash which have been discussed above.

## **Somerset Passenger Solutions Ltd**

### **Strategic Report for the Year Ended 31 December 2021**

#### **Principal risks and uncertainties**

There are a number of potential risks and uncertainties that could have an impact on the company's long term performance. The directors have established an ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the company and continue to assess these on a regular basis in the light of internal and external events.

Specific business risks faced by the company include the following:

#### *COVID-19 risk*

The company has incurred considerable expenditure during the year in order to ensure that it can continue to trade safely during the COVID-19 pandemic. These costs have been fully met by the client and therefore the company has not suffered any adverse effects as a result of the crisis.

#### *KPI risk*

The company's turnover is dependent on hitting certain KPI's that, as stated earlier in this report, are defined in collaboration with EDF NNB. Failure to hit the specified KPI's would reduce turnover to the base level as specified in the contract.

The company has a very strong focus on KPI's which minimises the risk of them not being met.

#### *Legal and Regulatory risk*

The directors are aware of the continual change in laws and regulations and the increasing costs of compliance. The directors conduct regular reviews of safety procedures, employment requirements, environmental procedures and other areas to ensure they are appropriate and operating effectively.

#### *Litigation and claims risk*

The company has two main insurance risks, third party claims arising from vehicle and general operations and employee injuries. The company has a very strong focus on safety at all levels throughout the business which minimises insurance premiums and claims.

#### *Labour costs and employee engagement risk*

Labour costs represent the most significant element of the company's operating costs. The directors continue to monitor employee recruitment, training, personal development and remuneration to ensure the company attracts and retains the right people.

Details of the number of employees and related costs can be found in note 7 to the financial statements.

## **Somerset Passenger Solutions Ltd**

### **Strategic Report for the Year Ended 31 December 2021**

#### **Financial risk management policies and objectives**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

##### *Credit risk*

The company's credit risk is primarily attributable to its sole customer EDF NNB. Due to the financial standing of EDF NNB, it is the view of the directors that this risk is minimal.

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

##### *Liquidity risk*

The company's principal financial assets are bank balances, trade debtors and accrued income for amounts due, not yet invoiced.

The credit risk on liquid funds is limited because the counterparty is the bank.

#### **Results**

The company made a profit for the year ended 31 December 2021 of £2,186,371 (31 December 2020 - £3,192,829). The turnover in the year ended 31 December 2021 was £36,435,450 (31 December 2020 - £36,968,865) and the net assets at the balance sheet date were £933,333 (31 December 2020 - £2,102,829).

## **Somerset Passenger Solutions Ltd**

### **Strategic Report for the Year Ended 31 December 2021**

#### **Current and future developments**

Since the start of our contract with EDF Hinkley Point C, the company has recruited over 421 bus drivers, the majority of whom have been fully trained and qualified for their PSV Licences through our partnership with the First South West training school, in total 450 new jobs have been created in Bridgwater.

We fully embrace our responsibilities to the local community and the families that live within it, our free of charge community bus services and speeding awareness initiative with Avon and Somerset Police are, and continue to be a great success.


The company aims to leave a lasting legacy in Somerset by offering training to all colleagues with individual training and development opportunities during their employment with the company. In 2020, the company invested over 30,000 training hours in our workforce from the driver PSV Licences to Level 2 qualification in the Principles Customer Services in partnership with Bridgwater and Taunton College and other training partners.

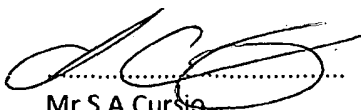
Our modern low emission fleet of buses, double decker's, coaches and minibuses save the equivalent of over 2 million car journey every year and our use of 100% electric pool cars saves approximately 1 tonne of CO2 emissions per year.

Our in-house bus washing facility uses recycled water and saves approximately 400,000 litres of water annually.

Our latest forecasts indicate that the business will experience substantial growth over the next two years so management focus is on staff recruitment and retention, operational procedures, technology applications and business processes to facilitate this growth.

Approved by the Board on 27/9/22 and signed on its behalf by:

  
.....  
Mr A P Carter  
Director

  
.....  
Mr S A Cursio  
Director

## **Somerset Passenger Solutions Ltd**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their annual report and the audited financial statements for the year ended 31 December 2021. Financial risk management policies and objectives, the principal activity as well as the financial results are discussed in the Strategic Report.

#### **Director of the company**

The directors who held office during the year were as follows:

Mr J W Berry

Mr A P Carter

Mr S A Cursio

Mr A Antonius (ceased 30 September 2021)

Mr A D Perry (ceased 1 October 2021)

Mr J A Thompson (appointed 1 October 2021)

Mr C Brown (appointed 1 October 2021)

Mr G R Fearnley (appointed 2 December 2021)

#### **Dividends**

The directors have agreed that all profits for the year ended 31 December 2021 and the previous accounting period will be distributed as dividends.

#### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal consultation meetings with both employees and trade union representatives (where appropriate). Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **Employment of disabled persons**

As a Certified (DCS012194) Disability Confident Committed Employer SPS have committed to:

- ensure our recruitment process is inclusive and accessible
- communicating and promoting vacancies
- offering an interview to disabled people
- anticipating and providing reasonable adjustments as required
- supporting any existing employee who acquires a disability or long term health condition, enabling them to stay in work
- at least one activity that will make a difference for disabled people



## **Somerset Passenger Solutions Ltd**

### **Directors' Report for the Year Ended 31 December 2021**

#### **Greenhouse Gas Emissions**

The significant majority of our carbon emissions is from the fuel used to power our fleet. 5,512-ton CO<sub>2</sub>e is the annual quantity of Green House Gas (GHG) emissions arising from activities for which the company is responsible, as an Intensity metric this translates to 150-ton CO<sub>2</sub>e per £1m Revenue.

Our carbon and energy emissions are calculated by applying the Government-issued emission factors (UK Government GHG conversion factors for company reporting: BEIS,2021) to our total fuel usage per litre.

The annual quantity of GHG emissions resulting from the purchase of electricity by the company for its own use and for transport 0, SPS is largely a tenant of EDF property and management of matters such as LED lights is their responsibility.

#### **Energy Action**

SPS continually review its sustainability performance, decarbonisation, and more general impact on the environment. For example, improved scheduling efficiency has meant an overall improvement and reduction in miles per passenger carried over the network. To complement this, a continual review of vehicle idling and other behavioural (driver) factors on our operating network to identify areas for improvement on an individual and collective basis. Other examples would be the introduction of all non-bus fleet now being electric (6 vehicles). This is complemented with the trial of an all-electric coach with a view to (if successful) increasing the number of zero emissions vehicles in the SPS fleet. A number of interventions have been implemented based on telematics (Webfleet) attending to driving behaviours. This is supplemented by a training team which targets areas of improvement opportunity. This ranges from harsh braking and idling to excessive speeding.

#### **Going concern**

The accounts have been prepared on a going concern basis, which assumes that the Company will continue in operation for a period of at least twelve months from the date of approval of the financial statements.

Through Quarter 1 post year end costs have remained at increased levels, due to social distancing requirements, to ensure that the company can continue to provide a safe service. Under the terms of the Contract these costs are re-chargeable to the client and therefore the Company continues not to suffer any adverse effects as a result of COVID-19. Original forecasts for the 2022 year anticipated a growth in operating profit and these forecasts have been achieved post year end with a corresponding positive impact on cashflow.

As such, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

**Somerset Passenger Solutions Ltd**

**Directors' Report for the Year Ended 31 December 2021**

**Directors' liabilities**

Throughout the period under review a qualifying third party indemnity provision was in place for the benefit of the directors and officers of the company.


**Disclosure of information to the auditors**

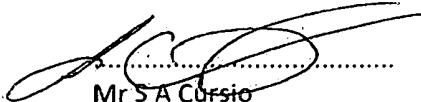
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Reappointment of auditors**

Albert Goodman LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 27.9.22..... and signed on its behalf by:

  
.....  
Mr A P Carter  
Director

  
.....  
Mr S A Cursio  
Director

## **Somerset Passenger Solutions Ltd**

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Somerset Passenger Solutions Ltd**

### **Independent Auditor's Report to the Members of Somerset Passenger Solutions Ltd**

#### **Opinion**

We have audited the financial statements of Somerset Passenger Solutions Ltd (the 'company') for the year ended 31 December 2021, which comprise the Income Statement and Statement of Retained Earnings, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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; and
- 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 director's 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 original financial statements were 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.

## **Somerset Passenger Solutions Ltd**

### **Independent Auditor's Report to the Members of Somerset Passenger Solutions Ltd**

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter 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 Directors' Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

We have nothing to report in respect of the following matters where 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.

## **Somerset Passenger Solutions Ltd**

### **Independent Auditor's Report to the Members of Somerset Passenger Solutions Ltd**

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;

## **Somerset Passenger Solutions Ltd**

### **Independent Auditor's Report to the Members of Somerset Passenger Solutions Ltd**

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, vehicle operator licensing, nuclear site licensing, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

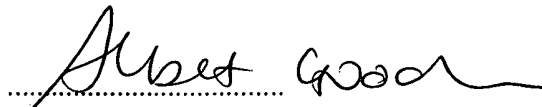
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Somerset Passenger Solutions Ltd**

**Independent Auditor's Report to the Members of Somerset Passenger Solutions Ltd**

**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.



Alison Kerr FCA (Senior Statutory Auditor)

For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House

Blackbrook Park Avenue

Taunton

Somerset

TA1 2PX

Date: 30 September 2022



**Somerset Passenger Solutions Ltd**

**Income Statement and Statement of Retained Earnings for the Year Ended 31 December 2021**

		Year ended 31 December 2021 £	Year ended 31 December 2020 £
	Note		
Turnover	3	36,435,450	36,968,865
Cost of sales		<u>(31,770,283)</u>	<u>(31,751,926)</u>
Gross profit		4,665,167	5,216,939
Administrative expenses		(2,088,197)	(1,443,895)
Other operating income	4	<u>121,593</u>	<u>179,950</u>
Operating profit	5	<u>2,698,563</u>	<u>3,952,994</u>
Profit before tax		2,698,563	3,952,994
Tax on profit	10	<u>(512,192)</u>	<u>(760,165)</u>
Profit for the financial year		2,186,371	3,192,829
Retained earnings brought forward		2,082,829	1,037,386
Dividends paid	19	<u>(3,355,867)</u>	<u>(2,147,386)</u>
Retained earnings carried forward		<u><u>913,333</u></u>	<u><u>2,082,829</u></u>

The activities are derived from continuing operations.

The notes on pages 16 to 31 form an integral part of these financial statements.


**Somerset Passenger Solutions Ltd**

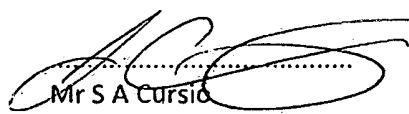
**(Registration number: 09828017)**

**Balance Sheet as at 31 December 2021**

		31 December 2021 £	31 December 2020 £
	<b>Note</b>		
<b>Fixed assets</b>			
Tangible assets	11	6,725	6,832
<b>Current assets</b>			
Stocks	12	66,626	-
Debtors	13	4,767,820	9,620,227
Cash at bank and in hand		<u>763,411</u>	<u>2,225,006</u>
		5,597,857	11,845,233
<b>Creditors: Amounts falling due within one year</b>	15	<u>(4,671,249)</u>	<u>(9,749,236)</u>
<b>Net current assets</b>		<u>926,608</u>	<u>2,095,997</u>
<b>Net assets</b>		<u><u>933,333</u></u>	<u><u>2,102,829</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	20,000	20,000
Profit and loss account		<u>913,333</u>	<u>2,082,829</u>
<b>Shareholders' funds</b>		<u><u>933,333</u></u>	<u><u>2,102,829</u></u>

Approved and authorised by the Board on 29.12.21 and signed on its behalf by:

  
 .....  
 Mr A P Carter  
 Director

  
 .....  
 Mr S A Cursio  
 Director

**Somerset Passenger Solutions Ltd**

**Statement of Cash Flows for the Year Ended 31 December 2021**

		Year ended 31 December 2021 £	Year ended 31 December 2020 £
	Note		
<b>Cash flows from operating activities</b>			
Profit for the year		2,186,371	3,192,829
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation expense		9,571	35,885
Release of asset funding		(6,000)	(32,565)
Decrease in provisions		-	(70,000)
Income tax expense	10	512,192	760,165
		<u>2,702,134</u>	<u>3,886,314</u>
<b>Working capital adjustments</b>			
Increase in stocks	12	(66,626)	-
Decrease/(increase) in trade debtors	13	4,852,407	(7,220,714)
Increase/(decrease) in trade creditors		(4,412,370)	6,748,118
Decrease in deferred income		<u>(45,934)</u>	<u>(626,135)</u>
Cash generated from operations		3,029,611	2,787,583
Income taxes paid	10	<u>(1,125,875)</u>	<u>(219,955)</u>
Net cash generated from operating activities		1,903,736	2,567,628
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(9,464)	-
<b>Cash used in financing activities</b>			
Dividends paid	19	<u>(3,355,867)</u>	<u>(2,147,386)</u>
Net (decrease)/increase in cash and cash equivalents		(1,461,595)	420,242
Cash and cash equivalents at 1 January 2021		<u>2,225,006</u>	<u>1,804,764</u>
Cash and cash equivalents at 31 December 2021		<u><u>763,411</u></u>	<u><u>2,225,006</u></u>

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The principal activities of the Company are set out in the Strategic Report.

The address of its registered office is:

J24 Hinkley Point C Park and Ride  
Huntworth Business Park  
Bridgwater  
TA6 6TS  
United Kingdom

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2006, under the provision of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 (SI 2008/410).

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention.

The functional and presentation currency of the financial statements is Pound Sterling (£).

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **2 Accounting policies (continued)**

##### **Going concern**

The accounts have been prepared on a going concern basis, which assumes that the Company will continue in operation for a period of at least twelve months from the date of approval of the financial statements.

Through Quarter 1 post year end costs have remained at increased levels, due to social distancing requirements, to ensure that the company can continue to provide a safe service. Under the terms of the Contract these costs are re-chargeable to the client and therefore the Company continues not to suffer any adverse effects as a result of COVID-19. Original forecasts for the 2022 year anticipated a growth in operating profit and these forecasts have been achieved post year end with a corresponding positive impact on cashflow.

As such, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

##### **Critical judgements and key sources of estimation uncertainty**

Based upon the nature of the company's operations, the directors consider there to be no critical judgements used in applying the company's accounting policies and no estimation uncertainty exists in preparing the financial statements.

##### **Revenue recognition**

Turnover is stated net of Value Added Tax and trade discounts and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Turnover from the bus service provided to the Company's only customer is the sole class of income, which is all sourced from the United Kingdom.

##### **Government grants**

The company has received government grants in the form of Coronavirus Job Retention Scheme (CJRS) payments to cover the wages of drivers who were furloughed due to the COVID-19 pandemic. These grant payments have been accounted for under the accruals model and recognised as income on a systematic basis over the periods in which the associated wage costs were incurred.

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **2 Accounting policies (continued)**

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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.

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Building improvements	4 years straight line
Furniture, fittings and equipment	3 and 4 years straight line
Motor vehicles	4 years straight line
Plant and machinery	4 years straight line

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **2 Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade debtors**

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Trade creditors**

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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **2 Accounting policies (continued)**

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.



## Somerset Passenger Solutions Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 2 Accounting policies (continued)

##### Financial instruments

###### *Classification*

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provision of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deduction all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when:

- a) The contractual right to the cash flows from the financial asset expire or are settled,
- b) The company transfers to another party substantially all of the risks and rewards of ownership of the financial asset
- c) The company, despite having retained some, but not all, significant risks and rewards if ownership, has transferred control of the asset to another party

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Provision of services	<u>36,435,450</u>	<u>36,968,865</u>

## Somerset Passenger Solutions Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 3 Revenue (continued)

All of the Company's turnover is generated through the provision of transport services to support the Hinkley Point C development project on behalf of EDF NNB. The contract commenced in January 2017 and will continue through to 2025.

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants	96,416	177,286
Miscellaneous other operating income	<u>25,177</u>	<u>2,664</u>
	<u>121,593</u>	<u>179,950</u>

#### 5 Operating profit

Arrived at after charging

	2021	2020
	£	£
Depreciation expense	9,571	35,885
Operating lease rentals	3,783,015	3,995,637
Auditor's remuneration	<u>14,750</u>	<u>13,320</u>

#### 6 Government grants

The company has received government grants in the form of Apprenticeship funding in 2021.

The company has also received government grants in the form of the Coronavirus Job Retention Scheme (CJRS) payments to cover wages of drivers who were furloughed during the COVID-19 pandemic.

The amount of grants recognised in the financial statements was £96,416 (2020 - £177,286).

**Somerset Passenger Solutions Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	15,219,157	12,715,977
Social security costs	1,189,736	1,119,009
Pension costs, defined contribution scheme	468,880	464,275
Redundancy costs	3,208	2,414
Other employee expenses	95,300	62,384
	<u>16,976,281</u>	<u>14,364,059</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Engineering	13	-
Administration and management	62	59
Drivers and controllers	382	352
	<u>457</u>	<u>411</u>

## **Somerset Passenger Solutions Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration	203,008	171,070
Contributions paid to pension schemes	<u>12,700</u>	<u>8,216</u>
	<u>215,708</u>	<u>179,286</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Only one director was remunerated during the year under reviewed. As such, all directors remuneration disclosure relates to the highest paid director.

The directors of the Company are considered to be the only key members of management personnel on the basis that only the directors are able to govern the financial and operational decisions of the company. As a result, the remuneration of key management personnel are disclosed above.

#### **9 Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>14,750</u>	<u>13,320</u>

**Somerset Passenger Solutions Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**10 Taxation**

Tax charged in the income statement

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	<u>512,192</u>	<u>760,165</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>2,698,563</u>	<u>3,952,994</u>
Corporation tax at standard rate	512,727	751,069
Effect of expense not deductible in determining taxable profit (tax loss)	1,921	15
Tax increase (decrease) from effect of capital allowances and depreciation	(930)	631
Tax increase (decrease) from changes in pension fund prepayment	<u>(1,526)</u>	<u>8,450</u>
Total tax charge	<u>512,192</u>	<u>760,165</u>

**Somerset Passenger Solutions Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**11 Tangible assets**

	<b>Building improvements £</b>	<b>Furniture, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2021	19,146	57,398	19,700	75,573	171,817
Additions	<u>-</u>	<u>6,939</u>	<u>-</u>	<u>2,525</u>	<u>9,464</u>
At 31 December 2021	<u>19,146</u>	<u>64,337</u>	<u>19,700</u>	<u>78,098</u>	<u>181,281</u>
<b>Depreciation</b>					
At 1 January 2021	17,950	56,571	18,469	71,995	164,985
Charge for the year	<u>1,196</u>	<u>3,144</u>	<u>1,231</u>	<u>4,000</u>	<u>9,571</u>
At 31 December 2021	<u>19,146</u>	<u>59,715</u>	<u>19,700</u>	<u>75,995</u>	<u>174,556</u>
<b>Carrying amount</b>					
At 31 December 2021	<u>-</u>	<u>4,622</u>	<u>-</u>	<u>2,103</u>	<u>6,725</u>
At 31 December 2020	<u>1,196</u>	<u>827</u>	<u>1,231</u>	<u>3,578</u>	<u>6,832</u>

Included within the net book value of land and buildings above is £Nil (2020 - £1,196) in respect of short leasehold land and buildings.

**12 Stocks**

	<b>2021 £</b>	<b>2020 £</b>
Other inventories	<u>66,626</u>	<u>-</u>

**Somerset Passenger Solutions Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**13 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	637,072	3,891,939
Other debtors	390,488	1,407,558
Prepayments	325,233	230,966
Accrued income	<u>3,415,027</u>	<u>4,089,764</u>
Total current trade and other debtors	<u><u>4,767,820</u></u>	<u><u>9,620,227</u></u>

**14 Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash on hand	113	113
Cash at bank	<u>763,298</u>	<u>2,224,893</u>
	<u><u>763,411</u></u>	<u><u>2,225,006</u></u>

**15 Creditors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade creditors	1,397,179	6,164,750
Amounts due to related parties	21 1,387,825	1,231,581
Social security and other taxes	618,434	345,900
Outstanding defined contribution pension costs	101,933	109,967
Other payables	71,063	18,257
Accrued expenses	741,029	865,378
Corporation tax liability	10 345,187	958,870
Deferred income	<u>8,599</u>	<u>54,533</u>
	<u><u>4,671,249</u></u>	<u><u>9,749,236</u></u>

## Somerset Passenger Solutions Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 16 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	31 December 2021 £	31 December 2020 £
Not later than one year	3,481,324	3,826,991
Later than one year and not later than five years	6,438,093	9,411,647
	<u>9,919,417</u>	<u>13,238,638</u>

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £468,880 (31 December 2020 - £464,275).

Contributions totalling £101,933 (31 December 2020 - £109,967) were payable to the scheme at the end of the year and are included in creditors.

#### 18 Share capital

##### Allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>



**Somerset Passenger Solutions Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**18 Share capital (continued)**

The joint venture agreement between the owners of the company stipulates that all profits should be distributed to the members, however no specific future dividend payments had been agreed at the balance sheet date.

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**19 Dividends**

	31 December 2021 £	31 December 2020 £
Final dividend of £104 (year ended 31 December 2020 - £52) per ordinary share	2,082,829	1,037,386
Interim dividend of £64 (year ended 31 December 2020 - £56) per ordinary share	<u>1,273,038</u>	<u>1,110,000</u>
	<u><u>3,355,867</u></u>	<u><u>2,147,386</u></u>

The directors are recommending a final dividend of £Nil (year ended 31 December 2020 - £80) per share totalling £Nil (year ended 31 December 2020 - £1,591,441). This dividend has not been included as a liability in these financial statements.

**20 Analysis of changes in net debt**

	At 1 January 2021 £	Financing cash flows £	At 31 December 2021 £
<b>Cash and cash equivalents</b>			
Cash	<u>2,225,006</u>	<u>(1,461,595)</u>	<u>763,411</u>
	<u><u>2,225,006</u></u>	<u><u>(1,461,595)</u></u>	<u><u>763,411</u></u>

## Somerset Passenger Solutions Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 21 Related party transactions

The company is owned 100% by First South West Limited and is therefore, the controlling party.

##### Transactions with entities having joint control

Included in costs is an amount of £3,071,458 (2020 - £2,366,627) in respect of services supplied by companies related to First South West Limited of which the total outstanding at the year end is £914,430 (2020 - £974,775). In addition, there was an amount outstanding for the payment for corporation tax losses of £473,396 (2020 - £249,991). These balances are unsecured, interest free and due for payment within one year.

Also included in costs is an amount of £360,000 (2020 - £300,000) in respect of services supplied by companies related to JJP Holdings (South West) Limited of which the total outstanding at the year end is £Nil (2020 - £Nil). In addition, there was an amount outstanding for the payment for corporation tax losses of £56,239 (2020 - £6,815). These balances are unsecured, interest free and due for payment within one year.

#### 22 Financial instruments

##### Categorisation of financial instruments

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost	5,597,857	10,995,662
	<u>5,597,857</u>	<u>10,995,662</u>
Financial liabilities measured at amortised cost	4,671,249	9,567,486
	<u>4,671,249</u>	<u>9,567,486</u>