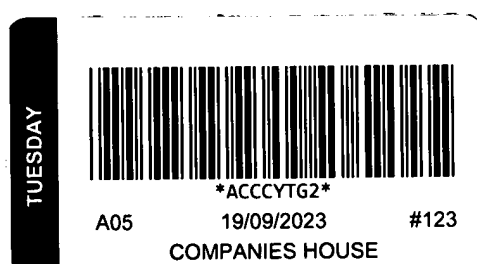


Registration number: 09828017

Specialist Passenger Solutions Limited
(formerly Somerset Passenger Solutions Ltd)

Annual Report and Financial Statements for
the Year Ended 31 December 2022



Specialist Passenger Solutions Limited

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Specialist Passenger Solutions Limited

Company Information

Directors	Mr S A Cursio Mr C Brown Mr G R Fearnley
Registered office	J24 Hinkley Point C Park and Ride Huntworth Business Park Bridgwater United Kingdom TA6 6TS
Solicitors	Clarke Willmott Solicitors Blackbrook Gate 1 Blackbrook Park Avenue Taunton TA1 2PG
Auditors	Albert Goodman LLP Chartered Accountants and Registered Auditors Goodwood House Blackbrook Park Avenue Taunton Somerset TA1 2PX

Specialist Passenger Solutions Limited
Strategic Report for the Year Ended 31 December 2022

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

Principal activities

SPS operate a prestigious contract to provide the passenger transportation required to support the EDF Hinkley Point C new nuclear build. 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.

Review of the business

On 22 June 2023 the company changed its name from Somerset Passenger Solutions Ltd to Specialist Passenger Solutions Limited.

The business has performed in line with expectations and there have been no material fluctuations from the previous year. Operating profit for the year was £3,021,000 (2021: £2,698,563) with a cash in hand position of £3,784,094 (2021: £763,411).

The business carried 3.01 million passenger journeys during 2022 (this does not include passenger journeys on HPC internal network which are not counted and measured). This is a slight reduction from 3.06 million passenger journeys in 2021. The main reasons for this were the inclement weather and a small amount of industrial action by non-SPS colleagues who are employed on site. This reduction was not anticipated and is not considered material.

The number of buses in the fleet is now 147 (2021: 141). The wider reach of the operating network of the business, coupled with a move towards a greater number of double deck vehicles compared to single deck coaches and single deck saloons meant a relatively modest increase in fleet compared with passengers carried. This fleet mix change is intended to increase seat utilisation and offer greater vehicle efficiency to our principal client as we head toward the peak of construction.

An accident occurred which involved one of the vehicles falling to its side due to icy road conditions and the driver taking evasive action as a result of a motorcyclist falling in front of the vehicle. This accident has had no material impact on the financial performance of the business.

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.

From 1 January 2023 the company has used a cost per vehicle basis, removing KPI performance as a measure and reward.

Specialist Passenger Solutions Limited
Strategic Report for the Year Ended 31 December 2022

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:

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.

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 of £2,470,808 (2021: £ 2,186,371). The turnover for the year was £34,081,432 (2021: £36,435,450) and the net assets at the balance sheet date were £2,943,343 (2021: £933,333).

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 Licenses through our partnership with the First South West training school, in total 450 new jobs have been created in Bridgwater.

Specialist Passenger Solutions Limited
Strategic Report for the Year Ended 31 December 2022

Current and future developments (continued)

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.

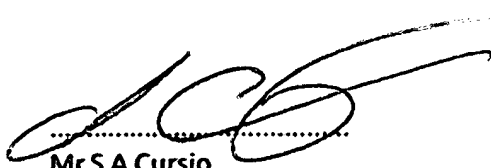
The company aims to leave a lasting legacy in Somerset by offering training to all colleagues with individual training and development opportunities during their employment with the company. In 2021, the company invested over 30,000 training hours in our workforce from the driver PSV Licences to Level 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 18 September 2023 and signed on its behalf by:



.....
Mr S A Cursio
Director



.....
Mr C Brown
Director

Specialist Passenger Solutions Limited
Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

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

Mr S A Cursio
Mr C Brown
Mr G R Fearnley
Mr J A Thompson (Resigned 21 November 2022)
Mr J W Berry (Resigned 21 November 2022)
Mr A P Carter (Resigned 5 January 2023)

Dividends

The directors have agreed that all profits for the year ended 31 December 2022 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 effecting 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

Streamlined energy and carbon reporting (SECR)

The company is exempt from the Streamlined Energy and Carbon Reporting (SECR) regulations on the basis that it is a UK subsidiary whose results are included in FirstGroup plc's Annual Report. Details of where the group's Annual Report can be found are set out in note 19.

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.

Original forecasts for the 2023 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.

Specialist Passenger Solutions Limited
Directors' Report for the Year Ended 31 December 2022

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.

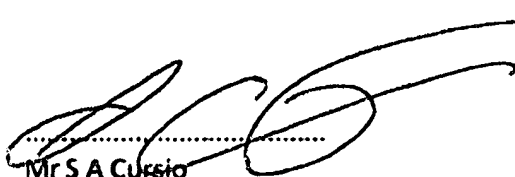
Disclosure of information to the auditors

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.

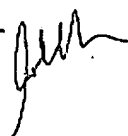
Reappointment of auditors

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 18 September 2023 and signed on its behalf by:



.....
Mr S A Cursio
Director



.....
Mr C Brown
Director

Specialist Passenger Solutions

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.

Specialist Passenger Solutions Limited

Independent Auditor's Report to the Members of Specialist Passenger Solutions Limited

Opinion

We have audited the financial statements of Specialist Passenger Solutions Limited (the 'company') for the year ended 31 December 2022, which comprise the Income Statement and Statement of Retained Earnings, Balance Sheet, 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 2022 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.

Specialist Passenger Solutions Limited

Independent Auditor's Report to the Members of Specialist Passenger Solutions Limited

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic 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 Strategic Report and 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.

Specialist Passenger Solutions Limited

Independent Auditor's Report to the Members of Specialist Passenger Solutions Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7 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.

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

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:

- 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;
- 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:

Specialist Passenger Solutions Limited

Independent Auditor's Report to the Members of Specialist Passenger Solutions Limited

- 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. This description forms part of our auditor's report.

Specialist Passenger Solutions Limited

Independent Auditor's Report to the Members of Specialist Passenger Solutions Limited

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.



Robert Oram BFP FCA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor
Goodwood House
Blackbrook Park Avenue
Taunton
Somerset TA1
2PX

18 September 2023

Specialist Passenger Solutions Limited
Income Statement for the Year Ended 31 December 2022

		Year ended 31 December 2022 £	Year ended 31 December 2021 £
	Note		
Turnover	3	34,081,432	36,435,450
Cost of sales		(29,925,261)	(31,770,283)
Gross profit		4,156,171	4,665,167
Administrative expenses		(1,212,969)	(2,088,197)
Other operating income	4	77,798	121,593
Operating profit and profit before taxation	5	3,021,000	2,698,563
Tax on profit	9	(550,192)	(512,192)
Profit and total comprehensive income for the financial period		<u>2,470,808</u>	<u>2,186,371</u>

The activities are derived from continuing operations.

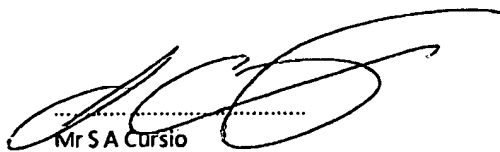
There is no other comprehensive income or expense in either the current or previous financial period other than the loss for that period and accordingly no separate statement of comprehensive income has been prepared.


Specialist Passenger Solutions Limited
(Registration number 09828017)
Balance Sheet as at 31 December 2022

		31 December 2022		31 December 2021	
	Note	£	£	£	£
Fixed assets					
Tangible assets	10		3,781		6,725
			<u>3,781</u>		<u>6,725</u>
Current assets					
Stocks	11	66,626		66,626	
Debtors	12	4,577,074		4,767,820	
Cash at bank and in hand		<u>3,784,094</u>		<u>763,411</u>	
		8,427,794		5,597,857	
Creditors: amounts falling due within one year	13	<u>(5,488,232)</u>		<u>(4,671,249)</u>	
Net current assets			<u>2,939,562</u>		<u>926,608</u>
Total assets less current liabilities			2,943,343		933,333
Net assets			<u>2,943,343</u>		<u>933,333</u>
Capital and reserves					
Called up share capital	16	20,000		20,000	
Profit and loss account	16	2,923,343		913,333	
Total shareholders' funds			<u>2,943,343</u>		<u>933,333</u>

The notes on pages 16 to 24 form an integral part of these financial statements.

The financial statements on pages 13 to 24 were approved by the board of directors on 18 September 2023 and signed on its behalf by:


.....
Mr S A Cursio
Director


.....
Mr C Brown
Director

Specialist Passenger Solutions Limited
Statement of changes in equity for the Year Ended 31 December 2022

	Called-up share capital £000	Profit and loss account £000	Total £000
As at 1 January 2021	20,000	2,082,829	2,102,829
Profit and total comprehensive expense for the period	-	2,186,371	2,186,371
Dividends paid (note 17)		(3,355,867)	(3,355,867)
As at 31 December 2021 and 1 January 2022	20,000	913,333	933,333
Profit and total comprehensive expense for the period	-	2,470,808	2,470,808
Dividends paid (note 17)	-	(460,798)	(460,798)
As at 31 December 2022	20,000	2,923,343	2,943,343

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1. Principal accounting policies

General information and basis of preparation

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 address of its registered office is J24 Hinkley Point C Park and Ride, Huntworth Business Park, Bridgwater, United Kingdom, TA6 6TS.

The principal activities of the Company are set out in the Strategic Report.

The accounting policies have been applied consistently throughout the current and preceding period.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and in accordance with the requirements of the Companies Act 2006.

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

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

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. The company is consolidated in the financial statements of its ultimate parent, FirstGroup plc, which may be obtained at 395 King Street, Aberdeen, AB24 5RP.

The company has elected to take the following exemptions:

- not to present the company statement of cash flows, on the basis that FirstGroup plc includes the company's cash flows in its consolidated financial statements [1.12(b)];
- a reconciliation of the number of shares outstanding at the beginning and end of the period [4.12(a)(iv)];
- financial instrument disclosures as included in FirstGroup plc consolidated financial statements [11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A];
- disclosure requirements of Section 26 in respect of share-based payments as provided in FirstGroup plc consolidated financial statements [26.18(b), 26.19–26.21, and 26.23]; and
- key management personnel compensation in total [33.7].

The numerical references in the bullet points above refer to the disclosure requirements in the respective paragraphs under FRS 102.

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.

Original forecasts for the 2023 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.

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1. Principal accounting policies (continued)

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 material class of income, which is all sourced from the United Kingdom.

Government grants

In the prior year the company 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 were 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.

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 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:

Asset class	Depreciation method and rate
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

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1. Principal accounting policies (continued)

Cash at bank and in hand

Cash at bank and in hand 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.

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.

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1. Principal accounting policies (continued)

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.

2. 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.

3. Revenue

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

	2022	2021
	£	£
Provision of services	34,081,432	36,435,450

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 2027.

4. Other operating income

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

	2022	2021
	£	£
Government grants	-	96,416
Miscellaneous other operating income	77,798	25,177
	<u>77,798</u>	<u>121,593</u>

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

5. Operating profit

Operating profit is arrived at after charging:

	2022	2021
	£	£
Depreciation expense	2,944	9,571
Operating lease rentals	4,236,788	3,783,015
Auditor's remuneration- audit of the financial statements	17,200	14,750
	<u>17,200</u>	<u>14,750</u>

There were no fees payable to the independent auditors for non-audit services to the company during the year (2021: £nil).

6. Government grants

In the prior year the company 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, and government grants in the form of Apprenticeship funding.

The amount of grants recognised in the financial statements was £nil (2021: £96,416).

7. Staff costs

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

	2022	2021
	£	£
Wages and salaries	17,577,713	15,219,157
Social security costs	1,670,552	1,189,736
Pension costs, defined contribution scheme	576,477	468,880
Redundancy costs	-	3,208
Other employee expenses	-	95,300
	<u>19,824,742</u>	<u>16,976,281</u>

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

	2022	2021
	No.	No.
Drivers and controllers	363	382
Administration and management	67	62
Engineering	10	13
	<u>440</u>	<u>457</u>

Specialist Passenger Solutions Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	211,045	203,008
Contributions paid to pension schemes	12,909	12,700
	<u>223,954</u>	<u>215,708</u>

During the year the number of directors accruing benefits under a defined contribution scheme was one (2021: one).

During the year the number of directors who were receiving benefits and share incentives was one (2021: one).

In the current and prior year the total directors' remuneration disclosure related to the highest paid director, as only one director is remunerated by the company.

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

9. Tax on profit

	2022	2021
	£	£
Current taxation		
UK corporation tax	572,693	512,192
Adjustment in respect of prior periods	(406)	-
Total current taxation	<u>572,287</u>	<u>512,192</u>
Deferred taxation		
Origination and reversal of timing differences	1,707	-
Adjustment in respect of prior periods	-	-
Recognition of previously unrecognised deferred tax assets	(23,802)	-
Total deferred taxation	<u>(22,095)</u>	<u>-</u>
Total tax charge on profit	<u><u>550,192</u></u>	<u><u>512,192</u></u>

The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£	£
Profit before taxation	<u>3,021,000</u>	<u>2,698,563</u>
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	573,990	512,727
Factors affecting charge		
- Effect of expense not deductible in determining taxable profit	-	1,921
- Adjustments in respect of prior periods	(406)	-
- Impact of rate change on origination and reversal of timing differences	410	-
- Recognition of previously unrecognised deferred tax assets	(23,802)	-
- Movement in deferred tax not recognised	-	(2,546)
Total tax charge on profit	<u><u>550,192</u></u>	<u><u>512,192</u></u>

From 1 April 2023 the UK corporation tax rate will be 25% and deferred tax has been provided for at that rate.

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

10. Tangible assets

	Building improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Plant & machinery £	Total £
Cost					
At 1 January 2022 and 31 December 2022	19,146	64,337	19,700	78,098	181,281
Accumulated depreciation					
At 1 January 2022	19,146	59,715	19,700	75,995	174,556
Charge for the year	-	2,312	-	632	2,944
At 31 December 2022	19,146	62,027	19,700	76,627	177,500
Net book value					
At 31 December 2022	-	2,310	-	1,471	3,781
At 31 December 2021	-	4,622	-	2,103	6,725

11. Stocks

	2022 £	2021 £
Other inventories	66,626	66,626

There is no material difference between the balance sheet value of the stocks and their replacement cost in the current or previous year.

12. Debtors

	2022 £	2021 £
Trade debtors	335,799	637,072
Other debtors	386,378	390,488
Prepayments	303,632	325,233
Accrued income	3,529,170	3,415,027
Deferred tax asset (note 15)	22,095	-
	4,577,074	4,767,820

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13. Creditors

		2022	2021
		£	£
Amounts falling due within one year	Note		
Trade creditors		1,545,048	1,397,179
Amounts due to related parties		2,851,679	1,387,825
Social security and other taxes		488,124	618,434
Other creditors		116,754	172,996
Accrued expenses		486,241	741,029
Corporation tax liability	9	386	345,187
Deferred income		-	8,599
		<u>5,488,232</u>	<u>4,671,249</u>

14. Commitments

Operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for assets other than land and buildings, for each of the following years:

	2022	2021
	(*as restated)	
	£	£
Not later than one year	3,475,314	2,901,103
Later than one year and not later than five years	5,233,254	5,365,078
	<u>8,708,568</u>	<u>8,266,181</u>

In the prior year the operating leases commitments included the VAT liability at 20%. To align with group reporting, operating leases are now disclosed on a net basis and the prior year figures have been restated to reflect this.

Specialist Passenger Solutions Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

15. Deferred taxation

The movements in the net deferred taxation asset were as follows:

	Deferred taxation £
At 1 January 2022	-
Credited to the profit and loss account	22,095
	<hr/>
At 31 December 2022	22,095
	<hr/> <hr/>

Deferred taxation consists of the following amounts:

	2022 £	2021 £
Capital allowances in excess of depreciation	(945)	-
Other timing differences	23,040	-
	<hr/>	<hr/>
Deferred tax asset	22,095	-
	<hr/> <hr/>	<hr/> <hr/>

16. Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the scheme and amounted to £443,729 (2021: £468,880).

Contributions totalling £92,163 (2021: £101,933) were payable to the scheme at the end of the year and are included in other creditors.

17. Capital and reserves

	2022 £	2021 £
Allotted, called up and fully paid shares		
20,000 (2021: 20,000) ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>

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.

Specialist Passenger Solutions Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18. Dividends

	2022 £	2021 £
Final dividend of £23 (2021: £104) per ordinary share	460,798	2,082,829
Interim dividend of £nil (2021: £64) per ordinary share	-	1,273,038
	<u>460,798</u>	<u>3,355,867</u>

The directors are recommending a final dividend of £nil (2021: £nil) per share totalling £nil (2021: £nil).

19. Ultimate parent company

The company's immediate parent company is First South West Limited.

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

Copies of the financial statements of FirstGroup plc can be obtained on request from 395 King Street, Aberdeen, AB24 5RP, which is the registered office of FirstGroup plc.