

Registration number: 09828017

Somerset Passenger Solutions Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Somerset Passenger Solutions Ltd

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Somerset Passenger Solutions Ltd

Company Information

Directors	Mr A D Perry Mr J W Berry Mr A Antonius Mr A P Carter Mr S A Cursio
Registered office	J24 Hinkley Point C Park and Ride Huntworth Business Park Bridgwater 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

Somerset Passenger Solutions Ltd

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Review of the business

Somerset Passenger Solutions Ltd (SPS) was incorporated in October 2015 and is a joint venture between First South West Limited and JJP Holdings (South West) Limited. 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 2020 was £3,952,994 (nine month period ended 31 December 2019 was £2,331,045) with a cash in hand position of £2,225,006 (31 December 2019 - £1,804,764).

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 2020

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 8 to the financial statements.

Somerset Passenger Solutions Ltd

Strategic Report for the Year Ended 31 December 2020

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 2020 of £3,192,829 (nine month period ended 31 December 2019 - £1,897,386). The turnover in the year ended 31 December 2020 was £36,968,865 (nine months ended 31 December 2019 - £18,211,796) and the net assets at the balance sheet date were £2,102,829 (31 December 2019 - £1,057,386).

Somerset Passenger Solutions Ltd

Strategic Report for the Year Ended 31 December 2020

Current and future developments

Since the start of our contract with EDF Hinkley Point C, the company has recruited over 350 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.

The shareholders are committed to investing £1 million into our people and advanced technology systems to improve business capability and efficiency in 2021 to further improve our 99.2% on time services.

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 24/6/21 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 2020

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. Financial risk management policies and objectives, the principal activity as well as the financial results are discussed in the Strategic Report.

Directors of the company

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

Mr A D Perry

Mr J W Berry

Mr A Antonius

Mr A P Carter

Mr S A Cursio

Dividends

The directors have agreed that all profits for the year ended 31 December 2020 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 2020

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.

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 2021 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.

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.

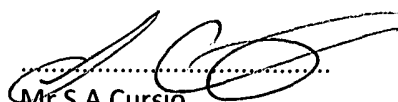
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Directors' Report for the Year Ended 31 December 2020

Approved by the Board on 24/6/21 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 2020, 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 2020 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's responsibilities for the audit of the financial statements

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

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:

- 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 public transport 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, data protection, anti-bribery, vehicle operator licensing, nuclear site licensing, employment and health and safety legislation;

Somerset Passenger Solutions Ltd

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

- 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;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

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.

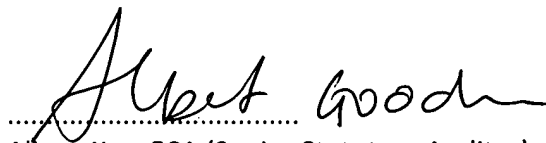
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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: 28 June 2021

Somerset Passenger Solutions Ltd

Income Statement and Statement of Retained Earnings for the Year Ended 31 December 2020

		Year ended 31 December 2020 £	9 month period 1 Apr to 31 Dec 2019 £
	Note		
Turnover	3	36,968,865	18,211,796
Cost of sales		<u>(31,751,926)</u>	<u>(15,449,312)</u>
Gross profit		5,216,939	2,762,484
Administrative expenses		(1,443,895)	(431,439)
Other operating income	4	<u>179,950</u>	<u>-</u>
Operating profit	5	3,952,994	2,331,045
Interest payable and similar charges	7	<u>-</u>	<u>(384)</u>
Profit before tax		3,952,994	2,330,661
Tax on profit	11	<u>(760,165)</u>	<u>(433,275)</u>
Profit for the financial year		3,192,829	1,897,386
Retained earnings brought forward		1,037,386	1,202,006
Dividends paid	20	<u>(2,147,386)</u>	<u>(2,062,006)</u>
Retained earnings carried forward		<u><u>2,082,829</u></u>	<u><u>1,037,386</u></u>

The activities are derived from continuing operations.


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

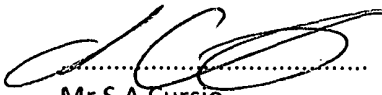
Somerset Passenger Solutions Ltd

**(Registration number: 09828017)
Balance Sheet as at 31 December 2020**

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Tangible assets	12	6,832	42,717
Current assets			
Debtors	13	9,620,227	2,399,513
Cash at bank and in hand		<u>2,225,006</u>	<u>1,804,764</u>
		11,845,233	4,204,277
Creditors: Amounts falling due within one year	15	<u>(9,749,236)</u>	<u>(3,081,043)</u>
Net current assets		<u>2,095,997</u>	<u>1,123,234</u>
Total assets less current liabilities		2,102,829	1,165,951
Creditors: Amounts falling due after more than one year	15	-	(38,565)
Provisions for liabilities	17	<u>-</u>	<u>(70,000)</u>
Net assets		<u><u>2,102,829</u></u>	<u><u>1,057,386</u></u>
Capital and reserves			
Called up share capital	19	20,000	20,000
Profit and loss account		<u>2,082,829</u>	<u>1,037,386</u>
Shareholders' funds		<u><u>2,102,829</u></u>	<u><u>1,057,386</u></u>

Approved and authorised by the Board on 24/6/21 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 2020

		Year ended 31 December 2020 £	9 month period 1 Apr to 31 Dec 2019 £
	Note		
Cash flows from operating activities			
Profit for the year		3,192,829	1,897,386
Adjustments to cash flows from non-cash items			
Depreciation expense		35,885	35,802
Release of asset funding		(32,565)	(33,313)
Decrease in provisions	17	(70,000)	-
Finance costs	7	-	384
Income tax expense	11	760,165	433,275
		<u>3,886,314</u>	<u>2,333,534</u>
Working capital adjustments			
Increase in trade debtors	13	(7,220,714)	(956,932)
Increase/(decrease) in trade creditors		6,748,118	(337,727)
(Decrease)/increase in deferred income		<u>(626,135)</u>	<u>14,774</u>
Cash generated from operations		2,787,583	1,053,649
Income taxes paid	11	<u>(219,955)</u>	<u>(554,907)</u>
Net cash generated from operating activities		<u>2,567,628</u>	<u>498,742</u>
Cash used in financing activities			
Interest paid	7	-	(384)
Dividends paid	20	<u>(2,147,386)</u>	<u>(2,062,006)</u>
Net cash used in financing activities		<u>(2,147,386)</u>	<u>(2,062,390)</u>
Net increase/(decrease) in cash and cash equivalents		420,242	(1,563,648)
Cash and cash equivalents at 1 January		<u>1,804,764</u>	<u>3,368,412</u>
Cash and cash equivalents at 31 December		<u><u>2,225,006</u></u>	<u><u>1,804,764</u></u>

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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 2020

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.

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 2021 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 2020

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:

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

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

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.

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.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

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:

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Provision of services	<u>36,968,865</u>	<u>18,211,796</u>

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.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Other operating income

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

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Government grants	177,286	-
Miscellaneous other operating income	2,664	-
	<u>179,950</u>	<u>-</u>

5 Operating profit

Arrived at after charging

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Depreciation expense	35,885	35,802
Operating lease rentals	3,995,637	3,282,007
Auditor's remuneration	<u>13,320</u>	<u>15,000</u>

6 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.

The amount of grants recognised in the financial statements was £177,286 (2019 - £Nil).

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

7 Interest payable and similar expenses

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Interest expense on other finance liabilities	<u>-</u>	<u>384</u>

8 Staff costs

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

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Wages and salaries	12,715,977	8,211,899
Social security costs	1,119,009	754,855
Pension costs, defined contribution scheme	464,275	297,489
Redundancy costs	2,414	20,000
Other employee expenses	<u>62,384</u>	<u>33,245</u>
	<u>14,364,059</u>	<u>9,317,488</u>

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

	Year ended 31 December 2020 No.	9 month period 1 Apr to 31 Dec 2019 No.
Administration and management	59	51
Drivers and controllers	<u>352</u>	<u>315</u>
	<u>411</u>	<u>366</u>

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Remuneration	171,070	90,691
Contributions paid to pension schemes	8,216	4,048
	<u>179,286</u>	<u>94,739</u>

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

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

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.

10 Auditors' remuneration

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Audit of the financial statements	<u>13,320</u>	<u>15,000</u>

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Taxation

Tax charged in the income statement

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Current taxation		
UK corporation tax	760,165	439,910
UK corporation tax adjustment to prior periods	-	(6,635)
	<u>760,165</u>	<u>433,275</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% (2019 - 19%).

The differences are reconciled below:

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Profit before tax	<u>3,952,994</u>	<u>2,330,661</u>
Corporation tax at standard rate	751,069	442,826
Effect of expense not deductible in determining taxable profit (tax loss)	15	150
Effect of revenues exempt from taxation	-	(6,329)
Tax increase (decrease) from effect of capital allowances and depreciation	631	6,802
Tax increase (decrease) from changes in pension fund prepayment	8,450	(3,540)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	(6,634)
Total tax charge	<u>760,165</u>	<u>433,275</u>

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Tangible assets

	Building improvements £	Furniture, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 January 2020	19,146	57,398	19,700	75,573	171,817
At 31 December 2020	19,146	57,398	19,700	75,573	171,817
Depreciation					
At 1 January 2020	13,163	49,291	13,544	53,102	129,100
Charge for the year	4,787	7,280	4,925	18,893	35,885
At 31 December 2020	17,950	56,571	18,469	71,995	164,985
Carrying amount					
At 31 December 2020	1,196	827	1,231	3,578	6,832
At 31 December 2019	5,983	8,107	6,156	22,471	42,717

Included within the net book value of land and buildings above is £1,196 (2019 - £5,983) in respect of short leasehold land and buildings.

13 Debtors

	31 December 2020 £	31 December 2019 £
Trade debtors	3,891,939	37,080
Other debtors	1,407,558	110,652
Prepayments	230,966	80,601
Accrued income	4,089,764	2,171,180
Total current trade and other debtors	9,620,227	2,399,513

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Cash and cash equivalents

	31 December 2020 £	31 December 2019 £
Cash on hand	113	209
Cash at bank	2,224,893	1,804,555
	<u>2,225,006</u>	<u>1,804,764</u>

15 Creditors

	Note	31 December 2020 £	31 December 2019 £
Due within one year			
Trade creditors		6,164,750	713,621
Amounts due to related parties	22	1,231,581	650,978
Social security and other taxes		345,900	296,838
Outstanding defined contribution pension costs		109,967	65,492
Other payables		18,257	153,589
Accrued expenses		865,378	101,197
Corporation tax liability	11	958,870	418,660
Deferred income		54,533	680,668
		<u>9,749,236</u>	<u>3,081,043</u>
Due after one year			
Other non-current financial liabilities		-	38,565

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	31 December 2020 £	31 December 2019 £
Not later than one year	3,826,991	64,635
Later than one year and not later than five years	9,411,647	2,246,127
	<u>13,238,638</u>	<u>2,310,762</u>

17 Provisions for liabilities

	Other provisions £	Total £
At 1 January 2020	70,000	70,000
Increase (decrease) in existing provisions	<u>(70,000)</u>	<u>(70,000)</u>
At 31 December 2020	<u>-</u>	<u>-</u>

Provision was been made for a percentage of the overspend incurred between January 2019 and December 2019. The overspend has not been recovered by EDF NNB, so the provision has been released.

18 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 £464,275 (period ended 31 March 2019 - £297,490).

Contributions totalling £109,967 (period ended 31 March 2019 - £65,492) were payable to the scheme at the end of the year and are included in creditors.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

19 Share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

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.

20 Dividends

	31 December 2020 £	31 December 2019 £
Final dividend of £52 (year ended 31 December 2019 - £60) per ordinary share	1,037,386	1,202,006
Interim dividend of £56 (year ended 31 December 2019 - £43) per ordinary share	<u>1,110,000</u>	<u>860,000</u>
	<u>2,147,386</u>	<u>2,062,006</u>

The directors are recommending a final dividend of £80 (year ended 31 December 2019 - £52) per share totalling £1,591,441 (year ended 31 December 2019 - £1,037,386). This dividend has not been included as a liability in these financial statements.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

21 Analysis of changes in net debt

	At 1 January 2020 £	Financing cash flows £	At 31 December 2020 £
Cash and cash equivalents			
Cash	<u>1,804,764</u>	<u>420,242</u>	<u>2,225,006</u>
	<u>1,804,764</u>	<u>420,242</u>	<u>2,225,006</u>

22 Related party transactions

The company is owned 50% by First South West Limited and 50% by JJP Holdings (South West) Limited, therefore there is no controlling party.

Transactions with entities having joint control

Included in costs is an amount of £2,366,627 (2019 - £241,650) in respect of services supplied by companies related to First South West Limited of which the total outstanding at the year end is £974,775 (2019 - £137,220). In addition, there was an amount outstanding for the payment for corporation tax losses of £249,991 (2019 - £506,942). These balances are unsecured, interest free and due for payment within one year.

Also included in costs is an amount of £300,000 (2019 - £Nil) 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 (March 2019 - £Nil). In addition, there was an amount outstanding for the payment for corporation tax losses of £6,815 (2019 - £6,815). These balances are unsecured, interest free and due for payment within one year.

Somerset Passenger Solutions Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

23 Financial instruments

Categorisation of financial instruments

	31 December 2020 £	31 December 2019 £
Financial assets that are debt instruments measured at amortised cost	10,995,662	4,123,676
	<u>10,995,662</u>	<u>4,123,676</u>
Financial liabilities measured at amortised cost	9,567,486	2,400,375
	<u>9,567,486</u>	<u>2,400,375</u>

Items of income, expense, gains and losses

	Income £	Expense £
2020		
Financial liabilities measured at amortised cost	-	2,754
	<u>-</u>	<u>2,754</u>
	Income £	Expense £
2019		
Financial liabilities measured at amortised cost	-	3,919
	<u>-</u>	<u>3,919</u>

The total expense for financial liabilities not measured at fair value through the profit and loss is £2,754 (2019 - £3,919)