

## PSV431G: Guidance notes to help you complete your application to vary a Public Service Vehicle Operator's Licence

This application form must be completed if you wish to increase the maximum number of vehicles authorised under your licence.

If you wish to make any other changes e.g. changing from a standard national to international licence or change of operating centre or change of maintenance arrangements you must complete form PSV431A.

### **Please note:**

If you wish to upgrade from a restricted licence to a standard licence you must apply for a new licence, using form PSV421.

### **Further information**

The guidance notes only contain the information necessary for you to complete the form. You are strongly advised to read *Public Service Vehicle Operator Licensing – A Guide for Operators* which is available at [www.businesslink.gov.uk/transport](http://www.businesslink.gov.uk/transport).

If, after reading these notes and the guidebook you are still not sure how to complete any part of this form or what supporting evidence is required, please contact the contact centre on 0300 123 9000 for advice, **before** you submit your application.

If there is insufficient space for any answer on the printed form a plain continuation sheet should be used. It should be securely attached to the printed form and numbered to correspond to the question to which it relates.

Fees – cheques should be made payable to the Vehicle and Operator Services Agency. Please do not send notes or coins.

## Particulars of licence holder

1. Please enter the name in which the licence is held, as it appears on your licence.
2. If you have a trading name please enter the details here.
3. Please enter the unique licence reference number, including the two letter prefix.
4. This is the address where any requests for further information will be sent.
5. Please supply a telephone number on which you can be contacted during normal working hours.
6. If you are happy to be contacted by e-mail please supply an e-mail address.
7. Please enter the number of additional vehicles you are applying for.  
You will also need to enter the type of vehicles in the appropriate boxes.

If you hold a standard international licence you may also require additional community licences. Please indicate in the box the number of additional licences, if any, that you will require to cover the increase in vehicles.

## 8. Operating centre

You must have sufficient off-street parking for all the vehicles you use under the licence, including the additional vehicles for which you are now applying.

If you do not have sufficient room at your current operating centre(s) you will need to either change operating centres or add additional operating centre(s) to your licence.

If you do not own your operating centre(s) please enclose confirmation from the owners as to how many parking spaces are available to you.

## 9. Financial information

The traffic commissioner must be satisfied that you have sufficient financial resources to maintain your vehicles and run your business. This requirement is **not** reduced in the case of contract or lease hire vehicles whose maintenance is included in the hire charge.

The financial standing requirement for operators is a continuing and mandatory requirement that must be kept up to date. Existing operators will be liable to demonstrate the increased pound sterling rate whenever their licences are considered by or on behalf of a traffic commissioner, either at the five year review stage or where a traffic commissioner considers an operator's licence for any other reason.

The traffic commissioner will assess the evidence you send in against the current financial levels, which change on an annual basis based on the rate of exchange for the Euro as at 1 October each year and shall have effect from 1 January of the following calendar year. Details of the current financial levels can be found at Annex B of the application. **You should ensure that you have sufficient financial**

**evidence to show that you meet the current levels for the type of licence and number of vehicles you are applying to operate.** If you are applying for a margin for future expansion, you must ensure that you can show access to sufficient funds for all the vehicles you are applying for, not just the ones you wish to operate straight away.

**All licence holders must provide financial evidence so the traffic commissioner can assess this requirement, as follows.**

### **Availability**

The key test in demonstrating financial resources is whether the applicant or operator has available capital and reserves of an amount equal to the sum specified. “Available” is defined as: “capable of being used, at one’s disposal, within one’s reach, obtainable or easy to get”. The three questions an operator needs be able to answer are:

- how much money can the operator find if the need arises?
- how quickly can they find it?
- and where will it come from?

### **Name(s) on financial evidence supplied**

All financial documents should be in the same name as the applicant or licence holder. In the case of partnerships be in the same name(s) as one or both of the applicants or licence holders.

In the case of a Limited Company and Limited Liability Partnerships (LLPs) the funds must be held within the company.

The traffic commissioner may allow documents in a different name, but in the case of an individual applicant/operator this must be supported by a statutory declaration signed by the natural person.

For companies, group and cross guarantees will be referred to the traffic commissioner to consider the merits and will require evidence of the financial standing of the guarantor.

**The types of evidence listed below are not exhaustive.**

### **Bank statements**

You should provide **original** bank or building society statements covering the last 28 days, the last date of which must not be more than 2 months from the date of receipt of the application. If original bank statements are not available, for instance if you have an online only account, then you may provide printouts that have been signed and stamped by the bank as verification that they show a true reflection of your account. Any such printouts must contain the account holder’s name and account number, the name of the bank, and all transactions taking place within the 28 day period.

Building society accounts will only be acceptable if funds can be drawn down within one month.

Unusually large deposits/withdrawals which have influenced the average balance might lead to further enquiries and a request for an explanation from the applicant/operator. The traffic commissioner might ultimately decide to discount these deposits/withdrawals from the average balance. If there is any doubt as to the source of funds this will be referred to the traffic commissioner.

Credit card accounts (in the same name as the application or licence holder) must be supported by original documents, as with bank statements, to show that over the same 28 day period the funds available meet the criteria. Where a credit card account is the sole source of evidence to prove the availability of finance traffic commissioners are entitled to ask why there is no other evidence of banking facilities available.

### **Overdraft facility**

The applicant or operator can supplement the original or certified copies of any bank or building society accounts statements by the use of an overdraft or credit facility. That is an overdraft at their disposal in the sense that there is a balance undrawn before the limit is reached. The facility must be demonstrated by a formal written commitment by the bank, etc. (An offer of such a facility will not suffice.)

The average balance shown in the statements will be calculated, and added to any overdraft or credit facility to show the amount of credit that can be used as proof of financial standing. If the average balance is negative, this will be subtracted from the overdraft limit to find the available finance.

### **Invoice Finance Agreement**

An invoice finance agreement is acceptable, but only if accompanied by:

- confirmation of available balances not drawn down averaged over a 3 month period.
- a copy of the signed agreement from the finance company in which they agree to retain the amount of money needed to meet the definition of financial standing.
- a completed schedule signed on behalf of the finance company.

If you are supplying an invoice finance agreement you must still provide bank statements as detailed above.

### **Audited accounts – limited companies and Limited Liability Partnerships**

These must be certified by a properly qualified person be drawn up clearly and give a true and fair view of the company's assets, liabilities, financial provision and profit or loss.

The items that must comprise the annual accounts are:

- a balance sheet
- that the company is trading profitably (on the profit and loss sheet)
- notes on the account
- a positive ratio of more than 1.0 (when dividing total assets by total liabilities)
- a positive ratio of more than 0.5 (when dividing current assets by current liabilities)

The latest audited annual accounts (in respect of the financial year end, to a date not more than 18 months prior to the date of application) can be used as a substitute for bank statements, generally only where the entity is an established and substantial limited company/plc with a turnover of more than £5.6m (subject to statutory uprating). Smaller businesses have historically produced annual accounts as additional evidence to establish financial standing. However under Regulation (EC) 1071/2009 traffic commissioners will accept annual profit and loss accounts and balance sheets or a statement of an opening balance if they are certified by a properly accredited person. Draft annual accounts to a date not more than 12 months prior to the date of application/licence check may be sufficient but will be referred to the traffic commissioner who may require further evidence.

Annual financial accounts can be a very useful cross check on an operator's financial health. If audited, they should give an accurate (though historic) 'snapshot'. Businesses with a turnover of less than £5.6m are not required to have their accounts audited. Operators, however, with a turnover of more than £1m are advised that your accounts should be prepared by a chartered or certified accountant. Company law allows unaudited financial accounts for businesses with a turnover below £5.6m but the traffic commissioner may not place as much weight on unaudited accounts as those which are independently certified. Where any accounts are relied upon it is open to the traffic commissioner to seek a further check of finances either by way of a condition upon grant or an undertaking.

It is open to the traffic commissioner to consider financial accounts for all other types of business (i.e. not companies) whether audited or not. This might highlight any insolvent trading positions or unpaid taxes such as PAYE/NI/VAT etc. and may indicate cash flow problems. Where accounts contradict the impression given by the bank statements the traffic commissioner might ask for further enquiries to be made. Applicants and operators are reminded of the need to reply to these further enquiries in a timely manner.

In addition to the types of financial evidence shown earlier, the traffic commissioner may agree that an operator can demonstrate its financial standing by means of a certificate such as a bank guarantee or insurance, including professional liability insurance from one or more banks or other financial institutions, including insurance companies, providing a joint and several guarantee for the operator in respect of the amounts specified above.

The evidence must be those of the economic entity (applicant/operator) established in Great Britain where an authorisation has been applied for and not those of any other entity established in any other country or European Member State.

## **10. Transport manager**

This question must be answered even if you are your own transport manager. You must ensure that your transport manager will spend sufficient time on their duties, should the increase in authorisation be granted.

The statutory guidance documents give a broad guideline as to what might be expected in terms of hours worked by a transport manager relative to the number of vehicles specified on a licence. Please note that this is a starting point only and the traffic commissioner will consider

each case on its own facts and its own merits.

<b>Vehicles</b>	<b>Guideline hours (per week)</b>
2 or less	8
3 to 5	15
6 to 10	20
11 to 14	25
15 to 29	Full time
30 and above	(Full Time) Additional assistance required

### **External transport manager**

An external transport manager can only work for a maximum of 4 operators with a combined total fleet of 50 authorised vehicles.

If you use the services of an external transport manager and these levels will be exceeded should the authorisation be granted you or your transport manager will need to make alternative arrangements.

**You should be aware that if the traffic commissioner is not satisfied that these requirements will continue to be met your application is likely to be refused.**

### **11. Small vehicles undertaking**

Not all licences have these undertakings attached. Where they are attached then the licence holder must comply with their requirements.

If you operate small vehicles you should have already advised the traffic commissioner of the make, model and registration number of the vehicles used under your licence. If you are applying to increase the number of small vehicles please confirm on your application that you will comply with the requirements of the undertaking by providing the traffic commissioner of the details of these vehicles by completing form PSV430, before you use them under your licence.

If the undertaking on your licence stipulates that you cannot operate small vehicles and/or limousines or novelty vehicles and you now propose to do so, you must seek the prior permission of the traffic commissioner using form PSV 431A to apply to remove the undertaking attached to your licence.

### **12. Declaration**

The declaration may be signed by your nominated transport manager.

If you are the sole trader then you must sign the form yourself

If the business is a partnership then one of the named partners must sign

If the business is a limited company or LLP the form must be signed by a director or partner

If the business is another type of organisation, the form must be signed by an officer, or trustee or Chief Executive of the organisation.

### **13. Fee**

You must pay the application fee in full by credit/debit card or by cheque/postal order.

Details of the amount payable can be found at [www.businesslink.gov.uk/transport](http://www.businesslink.gov.uk/transport)

The application fee is non-refundable. You will not get the money back if you withdraw your application or it is refused.

If you are paying by cheque or postal order, you must enclose this with your application.

If you are paying by credit or debit card, you must give all details required. We will use your card details to pay for the application fee only. We will destroy your card details once they have been used to pay the fee.

If you are sending your credit/debit card details by post you should consider using a secure method.

### **I have submitted my application - what happens next?**

The Central Licensing Office aims to ensure that the traffic commissioner is in a position to make a decision on 85% applications not requiring a public inquiry within nine weeks of the date of receipt of the application and the required fee. If the traffic commissioner requires a public inquiry to determine the application then your application will take longer.

**You must not operate additional PSVs until the increase has been granted and the discs have been issued to you.**