
ARRIVA UK BUS INVESTMENTS LIMITED

Annual report and financial statements

For the Year Ended 31 December 2023

ARRIVA UK BUS INVESTMENTS LIMITED

Company Information

Directors	A J Hands N A Eggleton J Abromeit A Herring M Hart S Barlow
Registered number	00821054
Registered office	1 Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

ARRIVA UK BUS INVESTMENTS LIMITED

Contents

	Page(s)
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 26

ARRIVA UK BUS INVESTMENTS LIMITED

Strategic report For the Year Ended 31 December 2023

The directors present their Strategic report for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The company's principal activity is that of an investment company.

REVIEW OF BUSINESS

The company's statement of comprehensive income on page 11 shows a profit before taxation of £5,134,000 (2022: loss of £16,098,000). The increase in profit is due to an investment impairment reversal in the current period.

The company continues to act as an investment company for Arriva's UK Bus operations, the majority of the investments are held indirectly through Arriva UK Bus Holdings Limited. See Note 10 for details of investments.

At the balance sheet date, the company had net assets of £123,260,000 (2022: £118,162,000). The change in net assets reflects the profit in the current period.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are deemed to relate to local and national competition, factors which could cause a decline in the market and going concern. Further discussion of these risks and uncertainties in the context of the Arriva group as a whole, is provided in the annual report of the UK intermediate parent company, Arriva Limited (formerly Arriva plc), which does not form part of this report.

FUTURE DEVELOPMENTS

The company is a wholly owned subsidiary of Arriva Limited and part of the Arriva group which for the period under review, Deutsche Bahn AG ('DB') headed.

As a public transport operator, the Arriva group has been significantly impacted by the COVID-19 coronavirus pandemic with a resulting impact on passengers, colleagues, and other business stakeholders. The Arriva group has and continues to work closely with both local and national government bodies and transport authorities on support measures to ensure continuation of critical transportation services as patronage growth recovers beyond the pandemic.

On 19 October 2023, DB announced an agreement had been signed under which Arriva Limited the company's intermediate parent company, would be sold to I Squared. This transaction was completed on 31 May 2024. Following this, the company is no longer part of the DB group.

Strategic report (continued)
For the Year Ended 31 December 2023

FUTURE DEVELOPMENTS (CONTINUED)

The company previously participated in a group cash pooling arrangement operated by DB and on 2 May 2024 withdrew from this arrangement in preparation for the sale of the group. Upon withdrawal, the entire cash pool balance was transferred to a new cash pooling arrangement with a fellow group undertaking, Arriva Treasury Company Limited ('ATCO').

The company had a negative cash pooling balance with DB at the balance sheet date, and the directors expect the company's pooled cash balance with ATCO to remain negative over the going concern assessment period. The company is currently dependent on access to its funds in the cash pool for the ability to operate and the agreement outlines the company's rights, and ATCO's obligations, in respect of the liquidity available to the company.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will have full and immediate access to its pooled cash balances with ATCO to settle its liabilities as they fall due and that the company will continue to operate for the foreseeable future. This reasonable expectation is also informed by the letter of support received by the company from Arriva International Group Limited, the company's intermediate parent company which funds the treasury activities of ATCO to support the liquidity of the company.

The letter of support states that, for the period of 12 months from the date of approval of these financial statements, repayment will not be sought for any amounts advanced to the company unless adequate alternative financing has been secured, access to pooled cash will be provided as necessary to meet liabilities as they fall due and further amounts will be advanced to the company as required to meet its projected funding requirements.

In completing their going concern assessment, the directors have also considered the expected impact of the company's financial position, based on a severe but plausible downside scenario, along with associated management actions to mitigate those impacts on the company's cash position.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard to (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

Strategic report (continued)
For the Year Ended 31 December 2023

SECTION 172 STATEMENT (CONTINUED)

The role of the company's Board of Directors (the Board) is to be collectively responsible for the company's long-term sustainable success, providing strategic leadership, direction, and governance within a framework of effective controls. In giving due regard to their duties as directors, the Board are mindful of the principal activities and purpose of the company and its interaction with the wider Arriva group. The directors are particularly focussed on the interests of its employees and the need to foster business relationships with suppliers, customers, and others. The Board recognises that it is accountable to its stakeholders for ensuring that the company is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

Governance

The Company is a wholly owned subsidiary of Arriva Limited and the directors of the Company aim to meet monthly to discuss the matters that cannot be delegated under the Companies Act 2006.

In addition to the duties owed to the company, the Board (also referred to as the UK Bus Executive) provides strategic direction and oversight in respect of the entire Arriva UK Bus group of companies. The Board comprises of the Managing Director of the UK Bus division (UK Bus), the Finance Director of UK Bus, UK Bus Head of Legal, the Managing Director for Regions and the Managing Director for London. The Managing Director is also a member of the Arriva Management Board (the "AMB"), a subcommittee of the board of Arriva Limited, which facilitates effective two-way engagement between the Board and the AMB and allows for the broader operational implications of any principal decisions to be properly considered by the Board in accordance with Section 172.

The day-to-day management of the company's business and the implementation of the strategy and policies of the company, including those relating to its relationships with key stakeholders, is managed by the Board.

Board meetings of the company are attended by the directors and the agenda is set in collaboration between directors prior to such meetings. The Board's annual rolling agenda ensures that time is balanced between strategy and operational performance, as well as the Board's wide-ranging governance and regulatory responsibilities. To allow directors to utilise their time and skills effectively at Board meetings, papers are circulated securely and electronically to all directors ahead of each meeting.

The Board is supportive of regular director training. With the ever-evolving regulatory and policy landscape in which the Arriva group operates, it is important that the Board maintains a good working knowledge of the Bus sector and how the company operates within this sector, as well as being aware of recent and upcoming developments in the wider legal and regulatory environment. To support the Board's knowledge and skills, the directors of the Board are provided with directors' duties training.

During the year, the Board continued to operate in accordance with the Arriva group's Corporate Governance Manual, which includes formal procedures for the working of the Board and its committees within the governance framework and delegated authorities.

Principal decisions

Principal decisions are defined by the company as those which impact the long-term sustainable success of the company, or which have a significant effect on the company's stakeholders. Understanding the company's stakeholders and how they and their interests will impact the success of the company over the long-term is a key part of the Board decision making in which they are required to consider the future development, performance and position of the Arriva group.

During the financial year ended 31 December 2022 the directors did not make any principal decisions that impacted the company or its ability to meet the expectations of the company's key stakeholders.

Strategic report (continued)
For the Year Ended 31 December 2023

SECTION 172 STATEMENT (CONTINUED)


Sustainability

The Board considers the impact of the company's operations on the community and environment and the long-term sustainability of the company in their decision making to ensure that it is aligned with the Arriva group's mission to become the leading passenger transport partner across Europe and to accelerate the company's journey to becoming a climate neutral company.

KEY PERFORMANCE INDICATORS

The Management Board of DB, the company's ultimate parent company for the period under review, managed the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of the group, including this company, is discussed in the DB Integrated Report which does not form part of this report.

This report was approved by the board on 9 December 2024 and signed on behalf of the board.



N A Eggleton
Director

ARRIVA UK BUS INVESTMENTS LIMITED

Directors' report For the Year Ended 31 December 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,098,000 (2022 - loss of £16,092,000).

The company did not pay a dividend (2022: £nil) during the financial year.

DIRECTORS

The directors who served during the year, and up to the date of signing of the financial statements, were:

A J Hands
N A Eggleton
J Abromeit (appointed 1 March 2023)
A Herring
M Hart
P O'Neil (resigned 1 March 2023)
M Hemus (resigned 27 January 2023)
A R Whitehouse (resigned 31 July 2023)
S Barlow (appointed 4 September 2024)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

For the period under review, DB was the principal source of funding for Arriva Limited and its subsidiaries. The Arriva group's financial risks, including liquidity risks and those arising from interest rates, commodity prices and currency fluctuations were managed in accordance with the DB treasury policy. For further details relating to financial risk management during the period of review, please refer to the DB AG 2023 Integrated Report.

EMPLOYEE ENGAGEMENT

The company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of future developments have been disclosed in the Strategic report.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are provided in Note 17 to the financial statements.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has made qualifying third-party indemnity provisions for the benefit of its directors as part of a group wide insurance policy. The qualifying third-party indemnity provisions (as defined in Section 234 of the Companies Act 2006) were in force during the year ended 31 December 2023 and continue to remain in force at the reporting date and up to the date of signing the financial statements.

Directors' report (continued)
For the Year Ended 31 December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 audited financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 9 December 2024 and signed on its behalf.



N A Eggleton
Director

Independent auditors' report to the members of Arriva UK Bus Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arriva UK Bus Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Arriva UK Bus Investments Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Arriva UK Bus Investments Limited (continued)

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve the financial results or increase the carrying value of investments through management bias in manipulation of accounting estimates and forecasts. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates and forecasts, in particular in relation to impairment of investments; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Arriva UK Bus Investments Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
9 December 2024

ARRIVA UK BUS INVESTMENTS LIMITED

Statement of comprehensive income For the Year Ended 31 December 2023

	Note	2023 £000	2022 £000
Administrative expenses		(51)	(82)
Operating loss	4	(51)	(82)
Impairment of investments	10	4,979	(16,067)
Interest receivable and similar income	7	206	102
Interest payable and similar expenses	9	-	(51)
Profit/(loss) before tax		5,134	(16,098)
Tax on profit/(loss)	9	(36)	6
Profit/(loss) for the financial year		5,098	(16,092)
Total comprehensive income/(expense) for the year		5,098	(16,092)

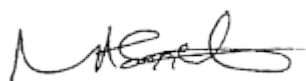
The notes on pages 14 to 26 form part of these financial statements.

ARRIVA UK BUS INVESTMENTS LIMITED
Registered number: 00821054

Balance sheet
As at 31 December 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	10	120,143	115,164
		<u>120,143</u>	<u>115,164</u>
Current assets			
Debtors: Amounts falling due within one year	11	7,557	7,287
		<u>7,557</u>	<u>7,287</u>
Creditors: Amounts falling due within one year	12	(2,389)	(2,139)
		<u>(2,389)</u>	<u>(2,139)</u>
Net current assets		<u>5,168</u>	<u>5,148</u>
Total assets less current liabilities		<u>125,311</u>	<u>120,312</u>
Creditors: Amounts falling due after more than one year	13	(2,051)	(2,150)
		<u>(2,051)</u>	<u>(2,150)</u>
Net assets		<u>123,260</u>	<u>118,162</u>
Capital and reserves			
Called up share capital	14	169,622	169,622
Profit and loss account	15	(46,362)	(51,460)
		<u>(46,362)</u>	<u>(51,460)</u>
Total shareholders' funds		<u>123,260</u>	<u>118,162</u>

The financial statements on pages 11 to 26 were approved and authorised for issue by the board and were signed on its behalf on 9 December 2024.



N A Eggleton
Director

The notes on pages 14 to 26 form part of these financial statements.

ARRIVA UK BUS INVESTMENTS LIMITED

Statement of changes in equity For the Year Ended 31 December 2023

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2022	169,622	(35,368)	134,254
Comprehensive expense for the year			
Loss for the financial year	-	(16,092)	(16,092)
Total comprehensive expense for the year	-	(16,092)	(16,092)
At 31 December 2022 and 1 January 2023	169,622	(51,460)	118,162
Comprehensive income for the year			
Profit for the financial year	-	5,098	5,098
Total comprehensive income for the year	-	5,098	5,098
At 31 December 2023	169,622	(46,362)	123,260

The notes on pages 14 to 26 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 December 2023**

1. MATERIAL ACCOUNTING POLICY INFORMATION

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied to all years, unless otherwise stated. The financial statements have been prepared on the going concern basis under the historic cost convention and in accordance with the Companies Act 2006.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

There were no amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 31 December 2023 that have had a material impact on the company's financial statements.

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

GOING CONCERN

The company is a wholly owned subsidiary of Arriva Limited and part of the Arriva group which for the period under review, DB headed.

As a public transport operator, the Arriva group has been significantly impacted by the COVID-19 coronavirus pandemic with a resulting impact on passengers, colleagues, and other business stakeholders. The Arriva group has and continues to work closely with both local and national government bodies and transport authorities on support measures to ensure continuation of critical transportation services as patronage growth recovers beyond the pandemic.

On 19 October 2023, DB announced an agreement had been signed under which Arriva Limited the company's intermediate parent company, would be sold to I Squared. This transaction was completed on 31 May 2024. Following this, the company is no longer part of the DB group.

**Notes to the financial statements
For the Year Ended 31 December 2023**

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)****GOING CONCERN (CONTINUED)**

The company previously participated in a group cash pooling arrangement operated by DB and on 2 May 2024 withdrew from this arrangement in preparation for the sale of the group. Upon withdrawal, the entire cash pool balance was transferred to a new cash pooling arrangement with a fellow group undertaking, Arriva Treasury Company Limited ATCO.

The company had a negative cash pooling balance with DB at the balance sheet date, and the directors expect the company's pooled cash balance with ATCO to remain negative over the going concern assessment period. The company is currently dependent on access to its funds in the cash pool for the ability to operate and the agreement outlines the company's rights, and ATCO's obligations, in respect of the liquidity available to the company.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will have full and immediate access to its pooled cash balances with ATCO to settle its liabilities as they fall due and that the company will continue to operate for the foreseeable future. This reasonable expectation is also informed by the letter of support received by the company from Arriva International Group Limited, the company's intermediate parent company which funds the treasury activities of ATCO to support the liquidity of the company.

The letter of support states that, for the period of 12 months from the date of approval of these financial statements, repayment will not be sought for any amounts advanced to the company unless adequate alternative financing has been secured, access to pooled cash will be provided as necessary to meet liabilities as they fall due and further amounts will be advanced to the company as required to meet its projected funding requirements.

In completing their going concern assessment, the directors have also considered the expected impact of the company's financial position, based on a severe but plausible downside scenario, along with associated management actions to mitigate those impacts on the company's cash position.

**Notes to the financial statements
For the Year Ended 31 December 2023**

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The company is a qualifying entity for the purpose of FRS 101 and Note 16 gives details of the company's ultimate parent and from where its consolidated financial statements, prepared in accordance with IFRS, may be obtained.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which permits a qualifying entity to apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006.

The equivalent disclosures are included in the consolidated financial statements of the ultimate parent company, DB, in accordance with the application guidance of FRS 100 "Application of financial reporting requirements".

1.3 INVESTMENTS

Investments are included at cost less amounts provided for impairment. Investments are reviewed annually for indicators of impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Notes to the financial statements
For the Year Ended 31 December 2023

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

1.4 LEASES

Lessee accounting

For lease contracts within the scope of IFRS 16, a lease liability and corresponding right-of-use asset are recognised at the lease commencement date.

The lease liability is initially measured at the present value of future lease payments, discounted using the incremental borrowing rate of the company (or rate implicit in the lease, if available). Future lease payments include fixed and variable payments, amounts repayable under a residual value guarantee, and the exercise price of future purchase options the company is reasonably certain to exercise (where applicable). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The liability is subsequently measured at amortised cost using the effective interest method, with the financing cost recognised within 'Interest payable and similar expenses'.

Corresponding right-of-use assets are measured at the initial amount of the lease liability, adjusted for any lease payments prepaid at the commencement date, initial direct costs, lease incentives, and an estimate of costs to dismantle or remove the underlying asset. Subsequently, the right-of-use asset is depreciated on a straight-line basis over the lease term. Where an impairment indicator is identified the right-of-use asset is adjusted by any associated impairment losses. The right-of-use asset is also adjusted for any remeasurements of the lease liability.

The company has elected to apply the exemption included within IFRS 16 for short-term leases (lease terms of less than 12 months from the commencement date), and low value leases (asset values less than £5,000). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lessor accounting for sub-leases

Where the company is an intermediate lessor to fellow group undertakings, the head lease and sublease are accounted for separately. The treatment on the sub-lease is determined with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

For sub-leases determined to be finance leases, the company does not recognise a right-of-use asset (to the extent that it is subject to the sub-lease) and instead recognises a lease receivable, which is reflected in amounts owed by group undertakings.

For sub-leases determined to be operating leases, the right-of use asset relating to the head lease is not derecognised, with amounts receivable under the sub-lease recognised within other operating income.

1.5 DEBTORS

Debtors, including amounts owed by group undertakings, are held with the intention to collect the contractual cash flows and are initially measured at fair value and subsequently at amortised cost less any allowance for impairment (where such allowance is material).

The simplified approach is used to measure expected lifetime credit loss allowances under IFRS 9 for trade and other debtors on a collective basis for any assets that are not considered to be individually impaired.

Allowances for expected credit losses on trade and other debtors are recognised only where they are material.

**Notes to the financial statements
For the Year Ended 31 December 2023**

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

1.6 CASH

Cash balances comprise cash in hand and all bank balances and are stated in the balance sheet at fair value. The company does not hold any cash equivalents.

Where cash balances are held under cash pooling arrangements operated by the company's ultimate parent, on behalf of the company, such cash balances are disclosed within amounts owed by group undertakings.

1.7 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Creditors, including amounts owed to group undertakings, are initially stated at fair value and are measured subsequently at amortised cost using the effective interest method.

1.8 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

1.9 CURRENT AND DEFERRED TAXATION

The tax charge or credit in the statement of comprehensive income represents the sum of the current tax charge or credit for the year. Tax is recognised within the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current tax charge or credit is based on the taxable profit for the year. Taxable profit can differ from the profit or loss before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, or that are never taxable or deductible. The company's liability or asset relating to current tax is calculated using rates prevailing during the year.

Where companies within the UK group make payments for tax losses where the amount paid exceeds the tax value of the losses, any excess is reported as a movement through equity.

1.10 SHARES AND SHARE PREMIUM

Proceeds from the issuance of shares are accounted as equity (forming part of Total shareholders' funds) only to the extent that they include no contractual obligation upon the company to deliver cash or other financial assets to another party (or exchange financial assets or financial liabilities with another party on unfavourable terms). Where this condition is not satisfied, the proceeds of issuance are accounted as financial liabilities, initially measured at fair value and subsequently at amortised cost.

**Notes to the financial statements
For the Year Ended 31 December 2023**

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Application of certain company accounting policies required management to make judgements, assumptions and estimates concerning the future as detailed below.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and judgements in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expense. Estimates and judgements are based on historical experience and management's best knowledge of the amount. Due to the inherent uncertainty in making estimates and judgements, actual results in future periods may be based on amounts which differ from those estimates.

Critical judgements in applying accounting policies

There were no judgments made in applying the company's accounting policies that had a significant effect on the financial statements.

Critical assumptions and key sources of estimation uncertainty

The following area is the critical assumption concerning the future and the key source of estimation uncertainty in the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments and debtors

The directors assess whether there are any impairments to the carrying value of investments in group undertakings on an annual basis. If there are any indicators of an impairment of the carrying value of the investment the directors will perform an impairment review of the investment, as well as an assessment of any impairment to amounts owed by the group undertaking. In performing the impairment review judgement is applied, in particular assessing future cash flows. If an impairment is identified, the relevant adjustment is made to the carrying value of the investment or amounts owed by group undertakings. See Note 10 for the carrying value of investments and details of accumulated impairment losses.

3. GENERAL INFORMATION

The company is a private company, limited by shares, incorporated and domiciled in England, the United Kingdom.

The registered company number is 00821054 and the address of the registered office is 1 Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

4. OPERATING LOSS

The operating loss primarily reflects auditors' remuneration (Note 5).

ARRIVA UK BUS INVESTMENTS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2023**

5. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements of the company:

	2023 £000	2022 £000
Fees for the audit of the company	49	78

6. STAFF COSTS

The company has no employees (2022: none).

The directors did not receive any emoluments from the company in the financial year for their directorships (2022: £nil) of the company. The directors received remuneration in respect of all their directorships from Arriva Limited.

The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no remuneration in respect of the Directors.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £000	2022 £000
Interest receivable from group companies	206	102
	206	102

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £000	2022 £000
Interest on lease liabilities	-	51
	-	51

ARRIVA UK BUS INVESTMENTS LIMITED

Notes to the financial statements For the Year Ended 31 December 2023

9. TAX ON PROFIT/(LOSS)

	2023 £000	2022 £000
Corporation tax		
Current tax on profit/(losses) for the year	36	(6)
Tax on profit/(loss)	<u>36</u>	<u>(6)</u>
Total current tax charge/(credit)	<u>36</u>	<u>(6)</u>

FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE YEAR

The tax assessed for the year is the same as (2022 - *higher than*) the standard rate of corporation tax in the UK of 23.5% (2022 - 19.0%). The differences are explained below:

	2023 £000	2022 £000
Profit/(loss) before tax	<u>5,134</u>	<u>(16,098)</u>
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	1,206	(3,059)
Effects of:		
Non-deductible impairment of investments	-	3,053
Non taxable reversal of impairment of investments	<u>(1,170)</u>	<u>-</u>
Total tax charge/(credit) for the year	<u>36</u>	<u>(6)</u>

ARRIVA UK BUS INVESTMENTS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2023**

9. TAX ON PROFIT/(LOSS) (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Effective from 1 April 2023, the UK corporate tax rate increased from 19.0% to 25.0%.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15.0%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Arriva group is reviewing these rules to understand any potential impacts. The company does not account for deferred tax on top-up taxes therefore these rules have had no deferred tax accounting impact.

10. INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 1 January 2023	311,217
At 31 December 2023	311,217
Accumulated Impairment	
At 1 January 2023	196,053
Investment impairment reversal	(4,979)
At 31 December 2023	191,074
Net book value	
At 31 December 2023	120,143
At 31 December 2022	115,164

During the year, the company reversed £4.979,000 of the impairment charges previously made against the carrying value of its investments (2022: charge of £16,027,000).

The directors believe that the carrying value of the investments is supported by their underlying assets as at 31 December 2023.

ARRIVA UK BUS INVESTMENTS LIMITED

Notes to the financial statements For the Year Ended 31 December 2023

10. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Arriva UK Bus Holdings Limited	11.1	Ordinary	100%
Arriva Passenger Services Pension Trustees Limited	11.1	Ordinary	100%
Centrebus Holdings Limited	11.1	Ordinary	100%
Teamdeck Limited (dissolved June 2024)	11.1	Ordinary - indirectly held	100%
Yorkshire Tiger Limited	11.1	Ordinary - indirectly held	100%
White Rose Bus Company Limited (dissolved October 2023)	11.1	Ordinary - indirectly held	100%
Transcare Solutions Limited	11.1	Ordinary - indirectly held	100%
Arriva Yorkshire Limited	11.1	Ordinary - indirectly held	100%
Arriva Durham County Limited	11.1	Ordinary - indirectly held	100%
Arriva Transport Solutions Limited	11.1	Ordinary - indirectly held	100%
Arriva North East Limited	11.1	Ordinary - indirectly held	100%
Arriva Midlands North Limited	11.1	Ordinary - indirectly held	100%
Stevensons of Uttoxeter Limited	11.1	Ordinary - indirectly held	100%
Arriva Midlands Limited	11.1	Ordinary - indirectly held	100%
Arriva Cymru Limited	11.1	Ordinary - indirectly held	100%
Arriva Kent & Surrey Limited	11.1	Ordinary - indirectly held	100%
APS (Leasing) Limited	11.1	Ordinary - indirectly held	100%
Arriva London North Limited	11.1	Ordinary - indirectly held	100%
Arriva London South Limited	11.1	Ordinary - indirectly held	100%
Arriva North West Limited	11.1	Ordinary - indirectly held	100%
Arriva Kent Thameside Limited	11.1	Ordinary - indirectly held	100%
Arriva Manchester Limited	11.1	Ordinary - indirectly held	100%
Arriva East Herts & Essex Limited	11.1	Ordinary - indirectly held	100%
Arriva Scotland West Limited	11.2	Ordinary - indirectly held	100%

ARRIVA UK BUS INVESTMENTS LIMITED

Notes to the financial statements For the Year Ended 31 December 2023

10. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Arriva Northumbria Limited	11.1	Ordinary - indirectly held	100%
Arriva the Shires Limited	11.1	Ordinary - indirectly held	100%
Arriva UK Bus Properties Limited	11.1	Ordinary - indirectly held	100%
Arriva Merseyside Limited	11.1	Ordinary - indirectly held	100%
Arriva UK Bus Limited	11.1	Ordinary - indirectly held	100%
Green Line Travel Limited	11.1	Ordinary - indirectly held	100%
Arriva Bus & Coach Holdings Limited	11.1	Ordinary - indirectly held	100%
Arriva Bus & Coach Limited	11.1	Ordinary - indirectly held	100%
Ambuline Limited	11.1	Ordinary - indirectly held	100%
Premier Buses Limited	11.1	Ordinary - indirectly held	100%
Great North Eastern Railway Company Limited (dissolved August 2024)	11.1	Ordinary - indirectly held	100%

Address of registered offices:

11.1 1 Admiral Way, Doxford International Business Park, Sunderland, Tyne & Wear, SR3 3XP

11.2 The Ca'D'Oro, 45 Gordon Street, Glasgow, Scotland, G1 3PE

11. DEBTORS: Amounts falling due within one year

	2023 £000	2022 £000
Amounts owed by group undertakings	7,384	6,871
Other debtors	173	401
Group relief receivable	-	15
	7,557	7,287

ARRIVA UK BUS INVESTMENTS LIMITED

Notes to the financial statements For the Year Ended 31 December 2023

11. DEBTORS: Amounts falling due within one year (CONTINUED)

Amounts owed by group undertakings included £5,234,000 (2022: £4,575,000) of balances placed in a group wide cash pooling agreement with the ultimate parent company. The amounts placed were unsecured, incurred interest up to a rate of 4.75% (2022: 2.66%) and were repayable on demand.

Amounts owed by group undertakings includes £2,150,000 (2022: £Nil) in respect of amounts due from a fellow subsidiary under a sub-lease, with the terms of the sub-lease being in line with the head lessee's terms for the leased property.

All other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12. CREDITORS: Amounts falling due within one year

	2023 £000	2022 £000
Lease liabilities	98	96
Amounts owed to group undertakings	2,189	1,707
Group relief payable	21	-
Accruals and deferred income	81	336
	<u>2,389</u>	<u>2,139</u>

All amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. CREDITORS: Amounts falling due after more than one year

	2023 £000	2022 £000
Lease liabilities	2,051	2,150
	<u>2,051</u>	<u>2,150</u>

Lease liabilities above include £1,636,000 (2022: £1,744,000) due after more than 5 years.

The total cash outflow for leases was £145,000 (2022: £108,000).

ARRIVA UK BUS INVESTMENTS LIMITED

Notes to the financial statements For the Year Ended 31 December 2023

14. CALLED UP SHARE CAPITAL

	2023 £000	2022 £000
Authorised		
180,000,000 (2022: 180,000,000) Ordinary shares of £1.00 each	180,000	180,000
Allotted, called up and fully paid		
169,621,674 (2022: 169,621,674) Ordinary shares of £1.00 each	169,622	169,622

15. RESERVES

Profit and loss account

The profit and loss reserve records the cumulative profit and loss net of distribution to shareholders.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company at 31 December 2023 was Arriva Limited. The ultimate parent company and ultimate controlling party at 31 December 2023 was DB, a company registered in Germany, which has prepared group financial statements incorporating the results of the company. Copies of these financial statements can be obtained from Potsdamer Platz 2, 10785 Berlin.

DB was the largest and smallest group to consolidate the 2022 financial statements of Arriva UK Bus Investments Limited.

From 31 May 2024, the ultimate parent of the company is ISQ Global Fund III GP, LLC ("Fund III GP"), which serves as the main general partner of ISQ Global Infrastructure Fund III ("Fund III"), a private equity fund. Fund III is the ultimate economic owner of the Company. ISQ Global Fund III Lux GP, S.à.r.l. ("Lux GP") is the managing general partner for the Luxembourg limited partnerships within Fund III. Fund III GP is a limited liability company incorporated and registered with the Delaware Secretary of State in Delaware, U.S.A. (with registered number 7893192). Its registered address is at c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, U.S.A. Lux GP is a Luxembourg limited liability company registered with the Luxembourg Trade and Companies Register under number B 239.493. Its registered address is at 6, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

There is not considered to be any ultimate controlling party of the entity.

17. POST BALANCE SHEET EVENTS

On 19 October 2023, DB announced an agreement had been signed under which Arriva Limited, the intermediate parent company, would be sold to I Squared. The transaction completed on 31 May 2024. The company previously participated in a group cash pooling arrangement operated by DB and on 2 May 2024 withdrew from this arrangement in preparation for the sale of the group. Upon withdrawal, the entire cash pool balance was transferred to a new cash pooling arrangement with a fellow group undertaking, ATCO.