Registered number: 00347103

ARRIVA PLC

Annual report and financial statements

For the Year Ended 31 December 2021

Company Information

Directors	L Holle M D Cooper B Boos C Goeseke E Palla I Querner J Sandvoss W Bohner R Lutz S Klenke
Company secretary	S B Marshall
Registered number	00347103
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

Contents

Strategic report
For the Year Ended 31 December 2021

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

PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be that of a holding company and provider of central support services for its subsidiary companies, which operate passenger transport services in the UK and mainland Europe. The operations of the Company and its subsidiaries (the "Arriva group") are structured under 4 divisions: UK Trains; UK Bus; Netherlands; and Mainland Europe (excluding Netherlands).

The Arriva group is part of the Deutsche Bahn AG ("DB") group and is one of the leading passenger transport groups in Europe.

REVIEW OF BUSINESS

The Company's statement of comprehensive income on page 25 shows a loss before taxation of £88,004,000 (2020: £25,926,000). The movement in loss for the year is due to a reduction of dividends received from subsidiary undertakings, an increase in administrative expenses and a fair value loss on amounts due from group undertakings as opposed to a gain in 2020, partially offset by impairments to intangible assets of £nil compared to £30,470,000 in the prior year. Administrative expenses in the year were impacted by higher pension costs, and higher costs relating to Project Revitalise, with further details on page 15.

As at the balance sheet date the Company had net assets of £712,169,000 (2020: £720,571,000). The decrease in net assets is due to the loss for the year, partially offset by actuarial movements on the pension surplus, net of tax.

PRINCIPAL AND FINANCIAL RISKS AND UNCERTAINTIES

The Company's long-term success is dependent on the success of its subsidiaries. As part of its ongoing risk assessment and management thereof, the following actual and potential risks have been identified as those which the directors believe could have a material impact on the long-term value generation of the Arriva group. The factors described below are not intended to form a definitive list of all risks and uncertainties faced by the Arriva group.

1. MARKET RISKS

<u>1a. COVID-19</u>

COVID-19 has and will continue to impact the Arriva group's passengers, colleagues and other business stakeholders, across all operating markets.

As a public transport operator, Arriva group is dependent on passenger volumes, both directly and through the impact of patronage levels on public transport authority budgets. Passenger numbers during 2021 continued to be impacted by COVID-19, with public health measures and restrictions in place to counter the Delta and later the Omicron variants impacting demand for the group's services.

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. Arriva group has received funding and support measures from a number of government bodies and transport authorities during and subsequent to 2021 to support those services. This support demonstrates the essential importance of public transportation.

PRINCIPAL AND FINANCIAL RISKS AND UNCERTAINTIES (CONTINUED)

1b. Changes in national public sector transport budgets

A considerable proportion of the Arriva group's income is derived directly or indirectly from national and local public transport budgets. Changes in these budgets, including those driven by the economic impact of the events in Ukraine, as well as previous impacts from COVID-19, may have a positive or negative impact on the Arriva group's prospects. The Arriva group continues to monitor national and local public transport budgetary policies in the countries where the Arriva group operates to ensure that it is strategically aware to understand possible changes, be in a position to influence them where possible, and react in a timely fashion.

1c. Changes in public transport legislation or regulation

Arriva management actively engage with local authorities, national governments and EU institutions regarding the formulation and implementation of transport related legislation and continue to work with industry partners to represent the best long-term interests of the passenger transport industry and its customers.

2. OPERATIONAL RISKS

The board recognises the importance to the business, especially in the current public health crisis as a public transport operator, of maintaining high standards of safety and the consequences of failing to do so. The health and safety of passengers and colleagues is the board's upmost priority. The Arriva group oversees that standards are maintained and necessary policies are complied with and, since 2020, has introduced additional measures with the aim of assisting subsidiaries to adhere to public health COVID-19 guidelines issued in each of the countries that the group operates.

The Environment, Health and Safety Committee reports to the Arriva Management Board and oversees the implementation and reporting of the Arriva group's safety and environment arrangements. Monitoring of safety and environmental performance is carried out by the Environment, Health and Safety Committee, which includes senior representatives of all Arriva group businesses. It assists the Arriva Management Board and ultimately the Arriva plc Board to fulfil their over all responsibilities in relation to health, safety and environmental matters arising from the activities of the Group.

Further information on the Arriva Management Board, including its membership and activities, is provided in the Corporate Governance report.

3. COMMERCIAL RISKS

3a. Competitive tenders

Competitive tenders expose Arriva group to a number of challenges, including the need to expend significant resources and incur costs in preparing bids, the risk of reduction of profitability achievable under contracts up for re-tendering and the need to accurately estimate the resources and cost structure that will be required to perform any fixed-price contract that the Arriva group is awarded. Performance under existing contracts, including punctuality, safety, customer satisfaction and complaint levels, may also impact the Arriva group's ability to bid successfully for contracts.

Arriva group bases its bids for contracts on various assumptions and forecasts, including passenger numbers, underlying economic growth (including inflation) and infrastructure improvements. Any inaccuracies in those assumptions or forecasts, including significant unforeseen technical and logistical challenges or a failure by governments to fund infrastructure improvements, could have a material adverse effect on the profitability of such contracts if Arriva group is not able to renegotiate terms.

PRINCIPAL AND FINANCIAL RISKS AND UNCERTAINTIES (CONTINUED)

In accordance with delegated authority limits, the Arriva Finance and Investment Committee approves all significant high value tenders and Arriva group utilises standard tender models across the business. Significant bus and train tender contracts are compared with current experience to identify weaknesses and potential improvements in the tender process.

3b. Acquisition strategy

Acquisitions are an important part of Arriva group's strategy, underpinned by the successful integration of acquired businesses, including the ability to manage those operations effectively and to benefit from anticipated cost savings and operating efficiencies.

Anticipated benefits from acquired businesses are subject to a number of assumptions and estimates (which may prove to be incorrect) concerning markets, profitability, growth, interest rates and company and asset valuations. Sale and purchase agreements generally include price adjustment mechanisms and warranties as appropriate to mitigate this risk.

The Arriva group has clearly defined guidelines for due diligence work and approval of acquisitions, and has implemented a governance framework which ensures that decisions, particularly in relation to acquisitions, mergers and tenders, are taken at the most appropriate management level for the Arriva group.

4. FINANCIAL RISKS

4a. Funding and liquidity risks

Deutsche Bahn AG is the principal source of funding for Arriva plc and its subsidiaries. The Arriva group's financial risks, including liquidity risks and those arising from interest rates, commodity prices and currency fluctuations are managed in accordance with Deutsche Bahn AG treasury policy.

For further details relating to financial risk management of the Deutsche Bahn AG group, including funding and liquidity management, please refer to the Deutsche Bahn 2021 Integrated Report.
(https://ir.deutschebahn.com/en/reports/db-group-and-db-ag/).

4b. Pension risks

Increased retirement benefit obligations in the UK may require additional deficit contributions to be made by companies to state or other pension schemes. Increased contributions could have a material impact on the Arriva group. Regular pension strategy reviews are undertaken with the Arriva group's pension advisors and developments in the Arriva group pension schemes and local government/state schemes where the group operates are monitored. During 2021, the group closed three of its UK defined pension schemes to future accrual, with the Company deemed to be the principal employer of two of the affected schemes. The Company also completed a buy-out of its obligations in respect of another UK defined benefit scheme.

5. COMPLIANCE RISKS

The Arriva Board and Arriva Management Board recognise the importance of a strong compliance framework to promote that the Arriva group adheres to the relevant legislation and avoids the financial and reputational risk of failing to do so. This is underpinned by clearly defined programmes in data protection (including General Data Protection Regulation ('GDPR') requirements), anti-bribery, anti-tax evasion, competition legislation and cyber security. A compliance structure is in place with the aim of ensuring that compliance processes are effective, that all relevant staff are trained and that effective compliance reporting is in operation.

FUTURE DEVELOPMENTS

The Company is a wholly owned subsidiary of Deutsche Bahn AG and part of the Arriva group which Deutsche Bahn AG heads. As a public transport operator, the Arriva group has been significantly impacted by the COVID-19 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.

The Company is a holding company providing central support services for its subsidiary companies which are the operators of passenger transport services. As a provider of central support activities, the Company has been less directly impacted by the COVID-19 pandemic than other companies in the Arriva group. However, the vast majority of other operating income earned within this entity comes from other companies within the Arriva group. The Company utilises a credit facility provided by its ultimate parent Deutsche Bahn AG ("DB"). This is a long-standing arrangement operated by DB to manage the liquidity needs of DB group companies, and the Company has been party to this arrangement for several years.

In completing their going concern assessment, the directors identified that an increase to this uncommitted credit facility limit would be required, and an increased facility of £215,000,000 was approved by DB on 15 June 2022. The directors are confident that the Company will remain within this uncommitted credit facility limit over the assessment period. However, if, for any reason, current planned actions were insufficient to ensure the Company remains within this uncommitted credit facility during the assessment period, additional management actions would need to be implemented including delaying or curtailing discretionary expenditures on behalf of the Arriva group. If those actions are insufficient to allow cash requirements to be funded from within the current credit facility, additional funding would be required from DB. However, as the provision of and amount of the facility is not formally committed for a period of at least 12 months from the date of approval of the financial statements, the facility may not be made available. The directors acknowledge that this represents a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The directors have prepared the financial statements on a going concern basis as they expect the existing financing will remain in place and management actions over the assessment period will be sufficient to meet the Company's operational funding requirements and therefore the Company will continue to operate for the foreseeable future. The directors consider the risk of the facility's withdrawal to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice.

The financial statements do not contain the adjustments that would arise if the Company were unable to continue as a going concern.

SECTION 172 STATEMENT

Summary

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 between members of the Company.

SECTION 172 STATEMENT (CONTINUED)

The Company's Board of Directors (Board) is collectively responsible for the Company's long-term success, strategic direction, values and governance. Responsibility for the day-to-day management of the Arriva group's business and the implementation of the group's strategy is delegated to the Arriva Management Board (AMB).

The directors of the Company work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

Effective communication is integral to building stakeholder relationships. Understanding the Company's stakeholders and how they and their interests will impact on the success of the Company over the long-term is a key part of the Board decision making. Listening, identifying future needs, and being able to respond quickly is critical. Teams across the Company's businesses use a variety of channels and approaches to engage with customers, assessing satisfaction and gathering feedback.

Information communicated to the Board by the AMB about employees and the workforce help to inform the Board in its decision-making processes.

The Company has proactively engaged throughout the financial year with DB, Arriva group's ultimate parent company, on a range of matters, in particular strategic, financial and governance arrangements. Maintaining an open and transparent business relationship with the Company's ultimate shareholder and taking on board its views is a key aspect of good corporate governance and supports the Company's commitment to ensuring that the long-term success of the Company is promoted.

Further information on how the directors have had regard to their duties as a director of the Company can be found in the following sections:

Employee engagement and employee initiatives – pages 6 to 9
Engagement with stakeholders and principal decisions made by the Company – pages 9 to 10
Streamlined energy and carbon report – pages 11 to 12
Corporate governance report - pages 14 to 20

KEY PERFORMANCE INDICATORS

The Management Board of DB, the ultimate parent company, manage the DB 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 Arriva plc and therefore it is not appropriate to use non-financial KPIs as management do not analyse the Company using any. The development, performance, and position of the DB group, including the Company, is discussed in the Deutsche Bahn AG group's Integrated Report which does not form part of this report.

This report was approved by the Board of Arriva plc on 29 June 2022 and signed on behalf of the Board.

C Goeseke
Director

Directors' report
For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £86,019,*000 (2020 - loss £66,260,000)*.

The Company did not pay a dividend during the year *(2020: £Nil)*.

DIRECTORS

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

L Holle
M D Cooper
C Goeseke
E Palla
I Querner (appointed 12 May 2021)
J Sandvoss
W Bohner
R Lutz
B Boos (appointed 10 January 2022)
M Mueller (resigned 31 December 2021)
S Klenke

FINANCIAL RISK MANAGEMENT AND OBJECTIVES

Deutsche Bahn AG is the principal source of funding for Arriva plc and its subsidiaries. The group's financial risks, including liquidity risks and those arising from interest rates, commodity prices and currency fluctuations are managed in accordance with Deutsche Bahn AG treasury policy. For further details relating to financial risk management please refer to the Deutsche Bahn AG 2021 Integrated Report.

The financial risks of the Company have been disclosed in the Strategic report.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Information on the Company's corporate governance arrangements is provided in the Corporate governance report and is incorporated into this report by cross-reference.

EMPLOYEE ENGAGEMENT AND EMPLOYEE INITIATIVES

Arriva plc (the Company) recognises that its employees are key to its success and is committed to creating an environment where everyone has the opportunity to learn, develop and contribute to the success of the Company, whilst working within a common set of values. The Company aspires to be an employer of choice and to employ a workforce with the skills, abilities and attitudes required to meet the Company's business objectives and needs. The Company's aim is to provide appropriate remuneration, benefits and conditions of employment which serve to attract, retain, motivate and reward its employees.

The Company actively promotes employee engagement and inclusion and, subject to the restraints of commercial confidentiality, endeavours to make information available to employees about recent and future developments and the business activities of the Company, including financial and economic factors that may have an impact on the Company's performance.

EMPLOYEE ENGAGEMENT AND EMPLOYEE INITIATIVES (Continued)

Proposals and relevant information impacting the strategy and policies of the Company, including those relating to employee and workforce engagement, are communicated by the Arriva Management Board (AMB) to the Company's Board of Directors (Board) at board meetings. Information communicated to the Board by the AMB about employees and the workforce helps to inform the Board to ensure workforce policies and procedures are consistent with its values and promote long term sustainable success. Information relating to the principal decisions made by the Company during the financail year ended 31 December 2021 can be found in the Engagement with stakeholders section on pages 9 to 10 of this Annual report.

Employee feedback and communication

The Arriva group conducts both group wide and local employee surveys, the most recent survey taking place in 2021. The surveys are used to highlight areas of engagement and areas for improvement and action. The AMB oversees the progress across the Arriva group to implement actions plans from the employee surveys to improve any areas highlighted by the surveys, and to maintain those areas deemed to be working well.

There are a number of communication platforms that the Company uses to inform and engage its employees. These include the Company's Yammer feed and the intranet. Briefings are cascaded via line managers, bulletins are posted via email and notice boards, as well as the Company's Yammer feed and the intranet. The Company targets its communication channels to improve connectivity within the Arriva group and to promote working together.

As part of the Deutsche Bahn group, the Company has employee and Company representatives engaged in the European Works Council. The Arriva group has a voluntary agreement for information exchange with Arriva group workplace representatives across all of the Arriva group countries. The Company also values the relationships each company in the Arriva group holds locally with employees and their representatives.

Other initiatives which have been implemented during the financial year include the 'Ask Arriva' initiative, whereby leaders and experts across the Company's businesses were on hand to answer questions and share their views on any question or topic put forward by employees. For example, a recent Ask Arriva focused on Sustainability with business updates shared on the electrification of depots and vehicles and a discussion on how employees can play their part.

Employee health and wellbeing

The Company prides itself on being a people focused organisation that supports the well-being of its employees. The first Arriva "Well-being Weekend" was held in February 2021 and following feedback from employees that they wanted to see more such events, "Well-being Wednesdays" were introduced as a quarterly wellness boost for employees. On each Well-being Wednesday individuals and/or teams are able to spend their afternoon time as they decide. They are intended to create an Arriva-wide moment to prioritise well-being.

The Arriva group has provided employees with access to online training and assessments on topics such as emotional wellbeing, mental health and remote working. This is in addition to the Arriva group programme Global Arriva Inclusion Network (GAIN), which is aimed at promoting support for mental health and encouraging employees to share their stories in order to tackle mental health concerns. GAIN was originally launched in 2019 as a place for employees to celebrate and share their experience of working at the Company. Open and honest feedback is vital to making the Company a place where our employees can be themselves every day – regardless of their race, religion, , disability, gender, sexual orientation, or any other characteristic.

The GAIN scheme relaunched in 2021 and this time each GAIN community was supported by a member of the AMB, who acted as executive sponsors, using their voices to influence change within the business. Five colleagues also lead the GAIN communities and act as a driving force, helping to plan events, collate feedback and coordinate the group's activity.

EMPLOYEE ENGAGEMENT AND EMPLOYEE INITIATIVES (Continued)

Equal opportunities

The Arriva group believes in equal opportunities regardless of gender, age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. This approach is underpinned by Arriva's commitment to providing equal opportunities to its current and potential employees and applying fair and equitable employment practices. The group gives full and fair consideration to job applications from people with disabilities, considering their skills and abilities.

Where an employee may become disabled, whether through accident, illness or injury, every reasonable and practicable consideration will be given to ensure that they may remain in employment. There may be some instances where there are no reasonable adjustments that can be made; where this occurs, the Company will endeavour to find a suitable alternative position. The Arriva group's Diversity, Inclusion and Equality Policy forms part of the Arriva group policies and standards.

Leadership Schemes

The Arriva group has a strategic objective to 'build the future generation of leaders' and building talent pools helps to achieve this. In addition to local initiatives, two group-wide programmes are in place to develop future leaders across the Arriva group.

The 'Emerging Leaders' programme aims to identify and develop future leaders whose next step is a senior manager role and demonstrate the performance, potential and aspiration to progress to this. As part of the programme candidates are required to complete an assessment for development which allows them the opportunity to discuss their career goals and experience in more detail and receive valuable feedback against the Arriva Leadership Model on their strengths and development areas. The assessment results in a development plan, highlighting what steps they can take to help them achieve their career goals. Following the assessment, it is possible for certain candidates to progress to the next phase, which includes leadership workshops and projects.

The 'Lift Off for Leadership' programme is an initiative for employees who are still in the early stages of their career, and who have demonstrated the potential to be a leader of the future. The programme focuses on improving readiness for broader roles. Participants join a 12-month programme of workshops and ongoing development activities, including coaching and job shadowing.

Supporting employees during the COVID-19 pandemic

The safety and wellbeing of employees is of the utmost importance to the Company and has been a key focus area since the start of the COVID-19 pandemic. Without a doubt, this has been one of the most challenging periods in living memory; for individuals, communities, and businesses across the globe. The Arriva group has been faced with lockdowns and restrictions across all of our markets, and even when restrictions were eased, government guidance has often encouraged people to stay at home, causing significant disruption to normal ways of life.

During this time the Company has supported employees through flexible working arrangements, seeking regular feedback and making adjustments so that employees can conduct their roles safely. Maintaining employee engagement has been of utmost importance, particularly whilst working remotely, and senior managers and team leaders made a particular effort to keep employees informed through regular updates and virtual meetings during lockdown.

EMPLOYEE ENGAGEMENT AND EMPLOYEE INITIATIVES (Continued)

The Board and the AMB have continued to focus their efforts on safeguarding the health and wellbeing of the Arriva group's employees and passengers, and as a result of a resilient business model have been able to respond rapidly to the changing requirements during the pandemic. These included adhering to pandemic related policies and guidelines to safeguard the Arriva group's employees and passengers. Following the easing of lockdown restrictions, the Arriva group introduced a flexible working framework providing employees with a range of flexibility options, including a balance between working from home and on-site, where the nature of the role permits.

Focus for 2022

Looking forward to 2022, it is the intention for the Arriva group to continue to build on its employee initiatives. Key focus areas will include moving forward with Project Revitalise, a greater focus on Diversity & Inclusion, more regular pulse surveys and embedding the Arriva group's refreshed values and behaviours across the group.

DISABLED EMPLOYEES

The Company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company's policy includes, where applicable, the continued employment of those who may become disabled during their employment.

ENGAGEMENT WITH STAKEHOLDERS

The Company's Board of Directors (Board) and each of the directors acknowledge that the success of Arriva group's strategy is reliant on the support and commitment of all of the Company's stakeholders. Having stakeholders who believe in the 'Arriva' brand and share the Arriva values is therefore important to the Company.

The Company's key stakeholders include, but are not limited to:

- Local communities in which the Company is based
- Passengers
- Customers and clients, which includes local/national transport authorities in respect of contracted services
- Employees
- Unions
- Suppliers
- Deutsche Bahn AG

As a geographically and culturally diverse organisation with businesses in 14 countries, the Arriva group has a global and diverse community of stakeholders, each with its own interests in and expectations of the Arriva group. Due to the scale and geographic spread of the businesses, stakeholder engagement mostly takes place locally at an operational level and the Board is therefore reliant on management to help it fully understand the impact of the Company's operations on its stakeholders. The day-to-day management of the Company's operations is delegated to the Arriva Management Board ("AMB") who ensure that each of the businesses are operating in line with the Arriva group's shared values and strategic objectives.

The management decisions impacting the strategy and policies of the Company, including those relating to its relationships with key stakeholders, are communicated by the AMB to the Board at the regular board meetings.

ENGAGEMENTS WITH STAKEHOLDERS (Continued)

The executive directors of the Company are also members of the AMB and to ensure the Board's strategic direction, values and governance are implemented through the day to day management of the Arriva group's business. The AMB structure allows, where appropriate, for matters to be first assessed at operating company level before recommendations are made to the Board. This facilitates effective two-way engagement between the Board and the Arriva group and ensures that the broader operational implications of any principal decisions are properly considered in accordance with Section 172.

During the financial year the Board considered information from across the Arriva group's businesses, received presentations from management, reviewed papers and reports and led discussions which considered, where relevant, the impact of the Company's activities on its key stakeholders. These activities, together with direct engagement by the AMB with the Company's stakeholders, helped to inform the Board in making the following principal decisions during the financial year ended 31 December 2021:

Project Focus
Following careful consideration, the Board took the decision to proceed with the potential divestment of certain Arriva group companies. Following a thorough process, agreements have been reached for the sale of Arriva's business operations in Sweden and Portugal, with both expected to close during Q3 of 2022. Further divestments may occur during 2022.

Project House
The Board approved the decision to close three of the Arriva group's defined benefits pension schemes to future accrual and impacted employees were offered, amongst other things, membership of the Arriva Workplace Pension Plan. During Project House the Arriva team worked closely with the schemes' Trustee Boards and, most importantly, members, trade unions and other member representatives.

As a Board, the collective role of the directors is to act as effective and responsible stewards of the Company. In doing so, the Board ensures that the Company is well positioned to achieve long term sustainable success and deliver value for its stakeholders as a whole.

The Company has regular interaction and communication with its ultimate parent Company Deutsche Bahn AG, via the various Arriva group functions which operate within the Company, including but not limited to, the Arriva group's finance, company secretarial, legal, treasury, HR, and communications.

The Company is committed to the communities that it serves. At Arriva group an Internal Communications and Engagement Director has oversight of strategic commitments for Corporate Social Responsibility, which forms part of the wider business strategy.

Within its functions, the Company encourages employees to volunteer for charities and projects in the local community. Business functions align this work in a manner that fits best with their structure and that maximises the benefit that the Company can deliver to its communities.

During the financial year ended 31 December 2021, due to the ongoing COVID-19 pandemic and lockdown implications, it has often been difficult for employees to undertake activities however, where possible, a number of employees have volunteered with community groups, both virtually and in-person.

Other examples of initiatives employees have undertaken with charities during the financial year ended 31 December 2021, include helping out at local and national food banks, supporting charities for refugees, well-being walking challenges for mental health charities, supporting the Poppy Appeal and Movember.

Further information on how the Company has fostered relationships with its employees during the financial year ended 31 December 2021 is provided in the Employee Engagement and Employee Initiatives section of this report.

MATTERS COVERED IN THE STRATEGIC REPORT

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

STREAMLINED ENERGY AND CARBON RERPORTING DISCLOSURE (SECR)

UK energy consumption and greenhouse gas emissions for the Company for the year 1 January 2021 to 31 December 2021 (inclusive) is as follows:

Energy usage for the Company in the United Kingdom	Current reporting year 2021	Previous reporting year 2020
Scope 1 – Fuel use from combustion of natural gas/tCO_2e[1]	201	181
Scope 2 – Emissions resulting from the purchase of electricity, including heat, steam, or cooling (location based)/tCO_2e	148	157
Scope 3[2] – Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel/tCO_2e	27	24
Total gross emissions/tCO_2e	376	362
tCO_2e per full time equivalent employees[3]	1.3	1.02
Energy consumption used to calculate the above emissions / kWh	1,894,332	1,742,958

1. tCO2e means tonnes (t) of carbon dioxide (CO2) equivalent (e)

2. Due to aggregation of underlying data by the Company emissions from business travel (including Company owned vehicles) are included in Scope 3

Methodology

The Company has reported its UK energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implements the UK Government's policy on Streamlined Energy and Carbon Reporting. The data detailed in the above table represents emissions and energy use for which the Company is responsible and does not represent data for the whole Arriva group.

Certain managers within the Company are provided with access to a company car lease scheme. Emissions from business mileage in relation to any vehicle leased under the company car lease scheme are included within the above Scope 3 disclosure. Emissions from personal use of vehicles leased under the company car lease scheme are not included in the above disclosures.

The Company also provides a small group of senior employees with fuel cards. Each fuel card may be used for personal and business purposes. As emissions related to the use of the fuel cards are immaterial to the overall disclosures by the Company, these emissions are excluded from the above disclosures.

STREAMLINED ENERGY AND CARBON RERPORTING DISCLOSURE (SECR) (continued)

The energy usage data for both the 2020 and 2021 financial years are comparable with each other, although it does show that there was a slight increase in energy usage for the 2021 financial year. This result is not surprising as COVID-19 lockdown restrictions were eased during 2021 and not only were staff able to return to the office, but business travel was reintroduced.

As a wholly owned subsidiary of Deutsche Bahn AG (DB), the Company is bound to use DB approved emission factors for site energy and the source for site consumption emission factors is the GEMIS database (GEMIS: IINAS, Darmstadt (Germany)). To calculate the emissions, the Company has used the UK Government GHG Conversion Factors for Company Reporting 2021.

Environmental policy

Arriva group strives for best practice in environment, health, wellbeing and safety (EHS) and aims to play a role in the reduction of greenhouse gases and waste to stabilise the increase in global temperatures, reduce the Arriva group's ecological footprint, deliver business efficiencies and protect the environment.

The Arriva group's EHS policy consists of the Arriva group's internal environmental risk assurance standards. The policy is built around the following objectives:

- robust environmental management and risk assurance;
- clear accountability;
- clear communication of goals and progress;
- targeting improvements in total carbon emissions, energy, water and waste; and
- ensuring compliance with local regulations, and that key environmental risks are mitigated.

The Arriva group environmental approach is part of a holistic sustainability strategy and focuses on four key environmental areas: fuel use, water consumption, site energy use and recycled waste, and all Arriva group businesses are required to measure their usage in these areas. These key metrics are monitored by the Arriva Management Board every month. The Arriva group's ambition is to support sustainable communities and the group has a goal for carbon neutrality by 2040.

Energy efficiency actions

During the financial year ended 31 December 2020 the company upgraded its Domestic Hot Water System at its Head Office in the Doxford Park offices with a more efficient system which has helped to reduce the company's gas consumption. There have been no energy efficient initiatives implemented across Arriva plc officed during the current financial reporting period, however considerations are being given to energy efficiency proposals for 2022.

The Arriva group inspires and promotes greener, more connected transport for all, and is working towards becoming a climate neutral business it can be proud of with sustainability having a central role in Arriva's strategy. The Zero Emission (ZE) Institute has been launched in the beginning of 2022, which supports and enables the transition to a zero emissions fleet.

The establishment of the ZE Institute is a key initiative for the Company as the group collectively works together to create a stronger, more competitive business, and demonstrate its commitment to sustainability throughout its operations. It will enable the group to share knowledge and best practice from existing operations, technical expertise, market intelligence, supplier relationships and understanding of new technologies to help inform and provide innovative sustainable mobility solutions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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 year.

In preparing these 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;
- 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 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 also 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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

• 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 of Arriva plc on 29 June 2022 and signed on its behalf.

C Goeseke
Director

Corporate governance report
For the Year Ended 31 December 2021

For the financial year ended 31 December 2021, pursuant to the Companies (Miscellaneous Reporting) Regulations 2018, the Arriva group has for a second year continued to apply the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles'), published by the Financial Reporting Council ('FRC') in December 2018 as an appropriate framework for disclosure of its corporate governance arrangements.

Set out below is how the Wates principles have been applied by the Company for the financial year ended 31 December 2021.

PRINCIPLE 1: PURPOSE AND LEADERSHIP

The Company's purpose is to act as the main holding company for the Arriva group of companies.

With a history dating back to 1938, the Company has continuously adapted and evolved to become a leading provider of passenger transport services with operations in 14 countries. The Arriva group has been owned by Deutsche Bahn AG since August 2010 and operates predominately in two core areas of public transport services, namely bus and rail, but it also provides tram and water bus services as well as shared car and bike schemes. Arriva group was one of the first companies to introduce digital demand responsive transport services in the UK, with the "ArrivaClick" service.

The Board of Directors of the Company (Board) approves the Arriva group's strategic objectives and ensures that the necessary resources are in place for the Company to meet these objectives. Performance is measured against those objectives.

During 2021, the Arriva group's vision remained to become the Mobility partner of choice, with the intention that customers – passengers, Public Transport Authorities and partners – will choose the Arriva group every time because they trust the Arriva group to deliver high quality, reliable, sustainable services at affordable prices.

Arriva group Values
For the financial year ended 31 December 2021, the Arriva group values were:

- One Arriva;
- Great customer experience;
- Doing the right thing; and
- Thinking beyond.

For a number of years these values have been at the heart of the Arriva group and represented what the group stood for, what made the group unique helping to guide and develop the strategy and decision making of the Board.

At the end of 2020, as part of the Revitalise project mentioned below, the Board took the decision to refresh the Arriva group's vision and strategy with the aim of strengthening the group's relationships with clients and partners, growing the business and crucially achieving the Arriva group's higher ambition of having a neutral impact on the planet. This review was completed in early 2022.

The Arriva group's new vision is to 'help shape a future where passenger transport is the best choice'; a future where people choose to leave their cars at home and use the group's services, with less congestion on the roads, and cleaner air for the next generation.

The Arriva group's mission is to become 'the leading passenger transport partner across Europe' and its renewed purpose is to 'connect people and communities safely, reliably and sustainably, and to deliver these services in a better way, every day'.

PRINCIPLE 1: PURPOSE AND LEADERSHIP (CONTINUED)

The objective of the Arriva group's new values is that they will help to guide new ways of working and will help in achieving the groups mission and realising its vision. The values starts with:

- caring passionately about colleagues, customers, clients and the planet;
- doing the right thing each and every day; and
- finding opportunities to make the difference in everything we do.

Project Revitalise

At the end of 2020, the Board began work on facilitating a comprehensive review of the Arriva group, called Project Revitalise. Project Revitalise is a series of programmes that aim to build a stronger, more competitive Arriva group. The object of the project was to ensure that the purpose of the business was clearly promoted, and that the Arriva group's values, strategy and culture were all aligned and that the Arriva group continued to meet the needs of its customers, clients and society as a whole.

As part of Project Revitalise, the Company embarked on a review of its vision, mission and strategic plan during 2021, which also included a review of the organisational values. This process included using support from an external business partner, and employees from all parts of the Arriva group were engaged. The aim of the process was to build a strategic plan that would provide the Arriva group with both objectives and direction for the next three to five years. This included developing a new set of Values and Behaviours that could be used to help the Arriva group effectively execute the Company's strategy.

This review was completed in early in 2022, with the formal launch of the Strategic Plan and Values taking place in March 2022. The businesses across the Arriva group are now beginning to ensure that their planning processes are aligned to the new Vision, Mission and Strategic Plan and will start to embed the Values into their day-to-day business activities.

Additionally, as part of Project Revitalise's Sustainability Programme, the Company identified the need for an agile team of experts who could work across all of the operating units to support the Arriva group in transitioning its fleet to Zero Emission (ZE) technology and help meet ambitious ZE targets.

The establishment of a ZE institute is a key initiative for the Arriva group to create a stronger, more competitive business, and demonstrates its commitment to sustainability throughout its operations. It is the intention that the ZE institute will be fully established in 2022.

COVID-19

Recovery from the COVID-19 pandemic has naturally been at the forefront of the Board's agenda during 2021, shaping conversations around the health and wellbeing of employees, safety and risk management, stakeholder partnerships and the long-term sustainability of the business. The Board's priority has always been and remains the health and safety of the Arriva group's passengers and employees.

Whilst the pace and nature of recovery from the pandemic is not yet clear, there is no doubt that public transport will play a crucial role and over the coming months the businesses across the Arriva group will be working together in helping passengers return to Arriva group services.

Ukraine

The conflict in Ukraine has had an inevitable impact on some Arriva group business activities. As a business, a considerable proportion of the Arriva group's income comes directly or indirectly from national and local public transport budgets, and it is currently uncertain whether there will be changes to these budgets, driven by the economic impact of the war in Ukraine, combined with the previous impacts of COVID-19. The Arriva group continues to monitor transport budgetary policies in each of the countries where it operates to ensure that it is strategically in the best position to respond to changes if and when they occur.

PRINCIPLE 1: PURPOSE AND LEADERSHIP (CONTINUED)

As a business, a considerable proportion of the Arriva group's income is derived directly or indirectly from national and local public transport budgets, and it is currently uncertain how changes in these budgets, driven by the economic impact of events in Ukraine, as well as previous impacts from COVID-19 will impact spending on public transport. The Arriva group continues to monitor transport budgetary policies in each of the countries where the Arriva group operates to ensure that it is strategically in the best position possible to respond to changes as and when they occur.

PRINCIPLE 2: BOARD COMPOSITION

The current composition of the Board is made up of two executive directors, eight non-executive directors (appointed by the sole shareholder) and the Company Secretary.

The roles of the Chairman of the Board and the Chief Executive Officer of the Company are separated to help ensure that the balance of responsibilities, accountabilities and decision making are effectively maintained. The Chairman plays a pivotal role in facilitating constructive board relations and the effective contribution of all directors.

The Board composition reflects the concentrated shareholding structure of the Company and includes one identified independent director. The assessed skillset of the Board is felt to be sufficiently broad and deep, encompassing senior experience from across a wide range of transport businesses and disciplines.

The Board believes that when combined with the Arriva Management Board (AMB), this creates a group which has diversity, with varied and balanced experience and skills that are highly relevant to the Arriva group's needs and challenges. This has served the Arriva group well in the development and scrutiny of its strategic decision making and performance.

The AMB is a subcommittee of the Board and is the senior management forum for the Arriva group. It is collectively responsible to the Board for the day-to-day management of the Arriva group's business and the implementation of the Arriva group's strategy. It manages operational and financial performance, assessment and control of risk, prioritisation of growth opportunities and the operation of the required governance framework to ensure the effective discharge of legal, ethical and social responsibilities as delegated to it by the Board. The Chief Executive Officer and Chief Financial Officer of the Company are members of this sub-committee.

The directors have equal voting rights when making decisions, except the Chairman, who has a casting vote in circumstances where there is an equal number of votes both for and against a resolution. All directors of the Company have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

There is a variety of information available to directors and senior managers of the Arriva group to assist them with their leadership, including access to the Statutory Directors Handbook (UK only), Arriva's Standards of Business Conduct and on-line training. In addition, the directors of the Company are provided with biennial directors' duties training.

Board changes
In May 2021 Dr. Immo Querner was appointed to the Board as the first independent non executive director, bringing a fresh and impartial perspective to the Board's discussion and decision-making process.

Peter Davison stepped down as the Company Secretary of the Company in October 2021 and his successor, Scott Marshall was appointed in November 2021.

Dr. Marein Mueller resigned from her position as a non-executive director with effect from 31 December 2021 and Ms. Bettina Boos, who manages the Corporate Investment Management function at Deutsche Bahn AG assumed the Board vacancy on 10 January 2022.

Corporate governance report
For the Year Ended 31 December 2021

PRINCIPLE 3: DIRECTOR RESPONSIBILITIES

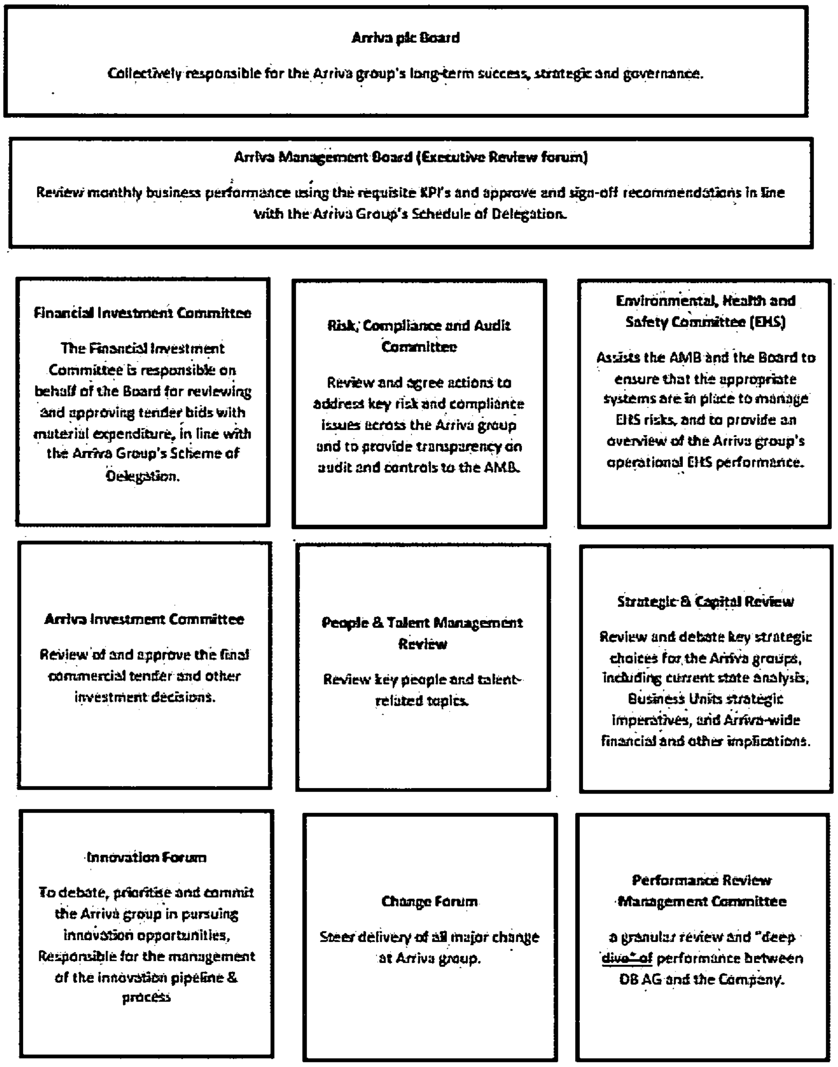
The Company believes that good governance is key to achieving a successful business, especially one which operates in several different countries. The Company's governance structure is supported by a comprehensive Arriva Group Corporate Governance Manual and the Group Scheme of Delegation, both of which are reviewed periodically by the Arriva group's Company Secretarial team and ultimately approved by the Board.

The Board holds four scheduled meetings each year and operates an annual agenda of standing items, which is aligned with good practice in Corporate Governance, including an annual review of internal controls systems and information security. Items requiring Board approval or endorsement are clearly defined. Unscheduled meetings are held as required where topics warrant more time or decisions need to be made outside of the normal cycle of meetings. On occasion, it may be necessary for Company decisions to be concluded via written resolution, as permitted by the Company's Articles of Association.

Although the Board's oversight of the Company is always maintained, the AMB is accountable to the Board for the delivery of the Arriva group's strategy and the day-to-day management of the Company's operations, in accordance with the Arriva Group Corporate Governance Manual.

During 2021 a high-level review of the executive forums was undertaken by the AMB in a bid to streamline the decision making process in the Arriva group and to ensure that where necessary matters of importance are escalated in line with the Arriva Group's Scheme of Delegation. An overview of the Board's executive forums and their current purpose are listed below.

Corporate governance report
For the Year Ended 31 December 2021



PRINCIPLE 4: OPPORTUNITY AND RISK

The Board seeks out the best opportunities for the Arriva group, whilst mitigating the potential risks. The Company's internal controls framework, Arriva's Internal Control System, which is based on the German accounting law is managed by the Group assurance team. Various business across the Arriva Group are required to report annually on areas of control, which are then evaluated to guarantee the effectiveness of the internal control system, check the internal audit function and also evaluate the risk management system.

Mergers, acquisitions and tenders are an important part of Arriva group's strategy, underpinned by the successful integration of acquired businesses, including the ability to manage those operations effectively and to benefit from anticipated cost savings and operating efficiencies. Key strategic opportunities, including mergers and acquisitions and tenders are highlighted in the Arriva group's annual strategy and considered by the Board each year. The Arriva group has clearly defined guidelines for due diligence work and approval of mergers, acquisitions and tenders.

PRINCIPLE 4: OPPORTUNITY AND RISK (Continued)

Risk
The Board reviews the risks facing the Arriva group and the controls which are in place. Responsibility for effective risk management and the implementation of an internal control framework is currently delegated to the AMB.

The AMB continues to review the control framework of the Arriva group on a regular basis and reports any concerns to the Board.

A new risk team is being established within the finance function, together with a Risk, Compliance and Audit Committee (RCA Committee). The risk team will be accountable to the RCA Committee and will focus on enterprise risk and risk mitigation. Furthermore, an enterprise-wide risk management framework is in the process of being developed with a view to implementation commencing during 2022.

The current approach to risk reporting at Arriva Group includes:

- Regular reporting of financial risks and opportunities to DB,
- Risk assessments performed as part of shareholder requirements (Arriva's Internal Control System) in the form of a Self-Assessment of internal controls by each Operating Unit;
- Functional led risk assessments, including but not limited to, Health and Safety, Information Security (including Data Protection) and Legal and Regulatory compliance.

Whilst the current approach remains fit for purpose, it is considered that an enterprise-wide risk model allowing for a standardised approach to risk identification, measurement and monitoring across the Group, is a more proactive and comprehensive approach, allowing for a more timely and focused response.

The Arriva group's internal control framework (Arriva's Internal Control System) is based on German accounting law and requires businesses to evaluate risks and define and implement appropriate mitigating controls measures. These controls are regularly reviewed by the Arriva group's Internal Audit function and monitored by the Arriva Group's Assurance function.

Regular updates are provided to the Board by the Internal Audit and Group Assurance teams on the effectiveness of Arriva group's internal control framework.

The Arriva group's key operational risks and mitigation, as defined by the AMB are outlined in the Strategic Report on pages 1 to 5. The Company's Strategic Report includes key risks that are monitored by the AMB.

The systems and controls of the Company are designed to manage and mitigate risks as they arise, however, it is accepted that they cannot provide total assurance that a risk will not materialise.

Responsibilities
The Company has developed a governance framework which includes the Arriva Group Corporate Governance Manual including the Arriva Group's Scheme of Delegation. This framework ensures that the appropriate level of diligence and oversight has been performed when understanding the obligations, risks and terms of each business-related transaction. This enables the Arriva group to meet its strategic objectives and all transactions are fully reviewed and assessed in alignment with the Arriva group's strategy and risk appetite before approval is granted.

PRINCIPLE 5: REMUNERATION

The Arriva group is an active equal opportunities employer and promotes diversity and inclusion to achieve an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development. The Company's objective is to ensure that all decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit. The Company balances short-term operational performance, with the delivery of longer-term profits and returns and recognises its social impact on employees.

The Company recognises that Arriva's senior managers are key to driving the success and future growth of the business though the ongoing development of employees and in developing the leadership capability to support future succession planning. The purpose of the Arriva group's senior manager pay and bonus policy is to recognise their contribution to the business and sustained business performance, through a market competitive balance of fixed and variable pay elements.

The Company regularly undertakes independent reviews of its total rewards package for senior managers to ensure it maintains market competitiveness that allows the Arriva group to recruit and retain the calibre of senior managers it requires to drive a high performing culture and achieve its strategic objectives.

PRINCIPLE 6: STAKEHOLDERS

The Board promotes good governance, which is key to achieving the Arriva group's strategy, as well as continuing effective relationships with all stakeholders including; passengers, customers (including local/national transport authorities in respect of contracted services), employees, suppliers and the local communities in which the Company operates.

The Arriva group is committed to social responsibility, working with local communities and environmental sustainability. It achieves this by working with the local community and promoting working together.

The Board promotes stakeholder engagement, as well as transparency with all stakeholders and with representatives of local and national government.

Further information on engagement with stakeholders during the financial year ended 31 December 2021, is provided in the 'Engagement with stakeholders' section of the Directors' report.

Further information on engagement with employees during the financial year ended 31 December 2021, including how the Company supported employees during the COVID-19 pandemic, is provided in the 'Employee engagement and employee initiatives' section of the Directors' report.

Independent auditors' report to the members of Arriva PLC

Report on the audit of the financial statements

Opinion

In our opinion, Arriva PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5 of the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on the continued funding from Deutsche Bahn AG (ultimate parent undertaking) in the form of a credit facility. The provision of and the amount of the credit facility with Deutsche Bahn AG is not formally committed for a specific period of time, therefore this facility could be withdrawn or revised, or additional funds not made available, if required. This may result in the company not being able to continue to meet its operational funding requirements.

These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Independent auditors' report to the members of Arriva PLC (continued)

Material uncertainty related to going concern (continued)

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.

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

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 2021 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.

Independent auditors' report to the members of Arriva PLC (continued)

Responsibilities of the directors for the financial statements (continued)

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.

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 pensions and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. 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 reduce the company's loss before interest and tax or increase the carrying value of investments, or 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 regulation;
- Challenging assumptions and judgements made by management in their significant accounting estimates and forecasts, in particular in relation to impairment of investments and consideration of the impact of COVID-19 on going concern;
- 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.

Independent auditors' report to the members of Arriva PLC (continued)

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.

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

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
29 June 2022

Statement of comprehensive income
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Administrative expenses		**(115,451)**	*(90,789)*
Other operating income		**33,935**	*32,846*
Impairment of intangible assets		**-**	*(30,470)*
OPERATING LOSS	4	**(81,516)**	*(88,413)*
Income from shares in group undertakings		**-**	*60,000*
Amounts written off investments		**-**	*(1,200)*
Interest receivable and similar income	8	**3**	*9,359*
Interest payable and similar expenses	9	**(7,497)**	*(8,477)*
Other finance credit	10	**1,006**	*2,805*
LOSS BEFORE TAXATION		**(88,004)**	*(25,926)*
Tax on loss	11	**1,985**	*(40,334)*
LOSS FOR THE FINANCIAL YEAR		**(86,019)**	*(66,260)*
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Actuarial gain / (loss) on defined benefit schemes	22	**95,824**	*(66,812)*
Movements in deferred tax related to actuarial gain / (loss) on pension surplus	18	**(18,207)**	*12,694*
TOTAL OTHER COMPREHENSIVE INCOME / (EXPENSE)		**77,617**	*(54,118)*
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(8,402)**	*(120,378)*

The notes on pages 29 to 65 form part of these financial statements.

Balance sheet
As at 31 December 2021

	Note		2021 £000		2020 £000
FIXED ASSETS					
Intangible assets	12		**22,803**		*31,356*
Tangible assets	13		**11,704**		*14,366*
Investments	14		**705,823**		*705,823*
			740,330		*751,545*
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	15	**21,589**		*24,854*	
Debtors: amounts falling due within one year	15	**250,198**		*269,273*	
Cash at bank and in hand		**7,738**		*3,733*	
		279,525		*297,860*	
Creditors: amounts falling due within one year	16	**(251,024)**		*(180,297)*	
NET CURRENT ASSETS			**28,501**		*117,563*
TOTAL ASSETS LESS CURRENT LIABILITIES			**768,831**		*869,108*
Creditors: amounts falling due after more than one year	17		**(189,102)**		*(200,907)*
Deferred taxation	18	**(2,312)**		-	
			(2,312)		-
NET ASSETS EXCLUDING PENSION SURPLUS			**577,417**		*668,201*
Pension surplus net	22		**134,752**		*52,370*
NET ASSETS			**712,169**		*720,571*
CAPITAL AND RESERVES					
Called up share capital	21		**10,220**		*10,220*
Share premium account			**418,361**		*418,361*
Other reserves	20		**60,882**		*60,882*
Profit and loss account			**222,706**		*231,108*
TOTAL SHAREHOLDERS' FUNDS			**712,169**		*720,571*

Balance sheet (continued)
As at 31 December 2021

The financial statements on pages 25 to 65 were approved and authorised for issue by the Board of Arriva plc and were signed on its behalf on 29 June 2022.

C Goeseke
Director

The notes on pages 29 to 65 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 January 2020	**10,220**	**418,361**	**60,882**	**351,486**	**840,949**
Comprehensive (expense) / income for the year					
Loss for the financial year	-	-	-	(66,260)	(66,260)
Actuarial loss on pension schemes	-	-	-	(66,812)	(66,812)
Movements of deferred tax relating to actuarial loss on pension schemes	-	-	-	12,694	12,694
Other comprehensive expense for the year	-	-	-	(54,118)	(54,118)
Total comprehensive expense for the year	-	-	-	(120,378)	(120,378)
At 31 December 2020 and 1 January 2021	**10,220**	**418,361**	**60,882**	**231,108**	**720,571**
Comprehensive (expense) / income for the year					
Loss for the financial year	-	-	-	(86,019)	(86,019)
Actuarial gain on pension schemes	-	-	-	95,824	95,824
Movements in deferred tax related to actuarial gain on pension schemes	-	-	-	(18,207)	(18,207)
Other comprehensive income for the year	-	-	-	77,617	77,617
Total comprehensive expense for the year	-	-	-	(8,402)	(8,402)
At 31 December 2021	**10,220**	**418,361**	**60,882**	**222,706**	**712,169**

The notes on pages 29 to 65 form part of these financial statements.

1. ACCOUNTING POLICIES

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, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements, therefore, present information about the Company as an individual undertaking and not about its group.

GOING CONCERN

The Company is a wholly owned subsidiary of Deutsche Bahn AG and part of the Arriva group which Deutsche Bahn AG heads. As a public transport operator, the Arriva group has been significantly impacted by the COVID-19 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.

The Company is a holding company providing central support services for its subsidiary companies which are the operators of passenger transport services. As a provider of central support activities, the Company has been less directly impacted by the COVID-19 pandemic than other companies in the Arriva group. However, the vast majority of other operating income earned within this entity comes from other companies within the Arriva group.

The Company utilises a credit facility provided by its ultimate parent Deutsche Bahn AG ("DB"). This is a long-standing arrangement operated by DB to manage the liquidity needs of DB group companies, and the Company has been party to this arrangement for several years.

In completing their going concern assessment, the directors identified that an increase to this uncommitted credit facility limit would be required, and an increased facility of £215,000,000 was approved by DB on 15 June 2022. The directors are confident that the Company will remain within this uncommitted credit facility limit over the assessment period. However, if, for any reason, current planned actions were insufficient to ensure the Company remains within this uncommitted credit facility during the assessment period, additional management actions would need to be implemented including delaying or curtailing discretionary expenditures on behalf of the Arriva group. If those actions are insufficient to allow cash requirements to be funded from within the current credit facility, additional funding would be required from DB. However, as the provision of and amount of the facility is not formally committed for a period of at least 12 months from the date of approval of the financial statements, the facility may not be made available. The directors acknowledge that this represents a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

1. ACCOUNTING POLICIES (CONTINUED)

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

GOING CONCERN (continued)

The directors have prepared the financial statements on a going concern basis as they expect the existing financing will remain in place and management actions over the assessment period will be sufficient to meet the Company's operational funding requirements and therefore the Company will continue to operate for the foreseeable future. The directors consider the risk of the facility's withdrawal to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice.

The financial statements do not contain the adjustments that would arise if the Company were unable to continue as a going concern.

1.2 INTANGIBLE ASSETS AND AMORTISATION

Intangible assets include costs in respect of developing Enterprise Resource Planning (ERP) systems for finance, procurement, engineering and HR.

These costs are those that are directly attributable to the design, testing and preparation of the ERP system to be capable of operating in the manner intended by management, and which are incurred only after the Company can demonstrate the following:

- The technical feasibility of completing the system so that it will be available for use;
- management intends to complete the system and use or sell it and that it will be able to use or sell it;
- the system will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the system are available; and
- expenditure attributable to the system during its development can be reliably measured.

Expenditures that do not meet the above criteria are recognised as an expense as incurred and are not recognised as an asset in a subsequent period.

ERP systems were implemented throughout the Arriva group by way of a phased integration. Amortisation has been charged on a straight line basis over 10 years from the date that each stage went live.

Amortisation charges are included within administration expenses in the Statement of comprehensive income.

Intangible assets under development are reviewed annually for any indicators of impairment. Where the carrying amount of such assets is greater than their recoverable amount, an impairment is recognised to write-down the asset to its recoverable amount.

1. ACCOUNTING POLICIES (CONTINUED)

1.3 TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Tangible assets include right-of-use assets under lease arrangements. Note 1.18 outlines the accounting policies for such assets.

Depreciation is provided on a straight-line basis to write off the cost of tangible assets, less their estimated residual value, over their expected useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Plant, machinery and vehicles	- 3 to 10 years
Leasehold property	- 1 to 8 years (being period of the lease)
Right-of-use assets	- straight line over the period of the lease

Freehold land is not depreciated.

1.4 INVESTMENTS

Investments held as fixed assets are shown at cost less impairment. Investments are reviewed annually for any indicator of impairment. Where an indicator is identified, an assessment of the investment's recoverable value is made. If the carrying amount exceeds the recoverable amount, an impairment is recognised to write-down the investment to its recoverable amount.

1.5 DEBTORS

Trade and other debtors 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. Trade and other debtors are considered to be individually impaired when there is objective evidence that the estimated future cash flows associated with the asset have been affected. Objective evidence for impairment could be observable changes in national or local economic conditions / government policies on transport.

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

Loans and other non-derivative financial assets are included within current assets, except for maturities greater than 12 months after the end of the reporting period. Those loans and other debtors which are deemed payable more than 12 months after the balance sheet date, are classed as debtors falling due after more than one year.

1. ACCOUNTING POLICIES (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 (or owed to) group undertakings.

1.7 CREDITORS

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business and are initially stated at fair value and are measured subsequently at amortised cost using the effective interest method.

1.8 INTEREST-BEARING BORROWINGS

All loans and borrowings are initially recognised at cost being the net fair value of the consideration received. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

1.9 EMPLOYEE BENEFITS

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received and relates to staff costs for all employees employed in fulfilling the Company's operations. Details on the defined benefit and defined contribution pension plans can be found in Note 22.

Pensions
During the year the Company operated a contract-based pension scheme. The pension charge represents the amounts payable by the Company to the scheme in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The Company operates and is the principal employer of the Arriva Pension Scheme, a defined benefit pension scheme recognised within the financial statements.

The Company is also deemed to be the principal employer of the Arriva Passenger Services National Pension Scheme (APSNPS) and the Arriva Passenger Services Pension Plan (APSPP). These defined benefit pension schemes are also recognised within the financial statements.

The amounts recognised in the balance sheet in respect of the Company's defined benefit pension schemes is the fair value of the scheme assets at the balance sheet date less the present value of the defined benefit obligations.

1. ACCOUNTING POLICIES (CONTINUED)

1.9 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit obligations are calculated using the projected unit credit method. Formal actuarial valuations are carried out by an independent actuary on a triennial basis, with updated calculations being prepared at each balance sheet date by qualified independent actuaries. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

The cost of providing future benefits (service cost) is charged to profit or loss as required. The return on scheme assets and interest obligation on scheme liabilities is included in other finance charges.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period they arise.

1.10 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised as a financial asset or a financial liability in the balance sheet at the trade date. Derivative financial instruments are initially and subsequently measured at fair value through profit or loss.

The Company's derivatives comprise diesel fuel swap contracts entered into on behalf of other group companies to hedge their exposure to changes in diesel prices.

For each derivative contract in place, the Company has entered into corresponding back-to-back agreements on equal and opposite terms with the group operating companies who use the fuel to which the contracts relate. As a result, these contracts have no impact on the Company's Statement of comprehensive income with no income or costs recognised.

Derivatives are measured using common methods such as option price or present value models because their fair values are not traded on an active market. No parameters from non-observable markets are used for measurement purposes and no credit risk adjustment is applied in deriving their present value.

1.11 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or nature.

1.12 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

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

• IFRS 7 Financial Instruments: Disclosures
• IFRS 13 Fair Value Measurement – Disclosure of valuation techniques and inputs
• IFRS 15 Revenue from Contracts with Customers: Disclosures
• IFRS 16 Leases – Disclosure of all information on leases in a single note, maturity of lease liabilities (except where required by company law) and lessor income disclosures

1. ACCOUNTING POLICIES (CONTINUED)

1.12 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS (CONTINUED)

• IAS 1 Presentation of Financial Statements – Comparative information in respect of reconciliations of amounts at the beginning and at the end of the year for the number of shares outstanding and carrying values for property, plant and equipment and intangible assets
• IAS 1 Presentation of Financial Statements – Statement of cash flows, statement of financial position as at the beginning of the preceding year when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, statement of compliance with all IFRS, additional comparative information, requirements for a third statement of financial position and capital management disclosures
• IAS 7 Statement of Cash Flows
• IAS 8 Accounting policies, changes in accounting estimates and errors – Disclosure of information when an entity has not applied a new IFRS that has been issued, but is not yet effective
• IAS 24 Related Party Disclosures – Key management compensation disclosure, related party transactions entered into between two or more members of a group
• IAS 36 Impairment of Assets – Disclosures in respect of cash generating units

The Company is a qualifying entity for the purpose of FRS 101 and Note 23 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, Deutsche Bahn AG, in accordance with the application guidance of FRS 100.

1.13 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 and the deferred 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.

Deferred taxation is recognised on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary timing differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to

1. ACCOUNTING POLICIES (CONTINUED)

1.13 CURRENT AND DEFERRED TAXATION (CONTINUED)

the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and when the deferred taxation assets and liabilities relate to taxation levied by the same taxation authority, and the Company intends to settle its current taxation assets and liabilities on a net basis.

Deferred tax assets and liabilities are not discounted.

1.14 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised within interest in the Statement of comprehensive income.

1.15 DIVIDEND INCOME AND PAYMENTS

Dividends are recognised in the Company's financial statements in the period in which the dividends are received from subsidiaries or paid to the shareholder.

1.16 DEFERRED INCOME

Deferred income related to licences issued by the Company to subsidiaries for the use of the Arriva brand and was recognised in the Statement of comprehensive income over the licence period of up to 15 years.

1. ACCOUNTING POLICIES (CONTINUED)

1.17 OTHER OPERATING INCOME

Other operating income is derived from licences for the use of the Arriva brand, management charges, ERP and IT charges, rental income and other services excluding value added tax. The vast majority of the Company's Other operating income is earned from other companies within the Arriva group. It is recognised in the Statement of comprehensive income on an accruals basis.

1.18 LEASES

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 charges'.

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.

1.19 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.

Where shares are accounted as equity, any proceeds from issuance in excess of tho nominal value of new shares issued is recognised within the Share premium account.

2. GENERAL INFORMATION

The Company is an unlisted public limited company, limited by shares and incorporated, registered and domiciled in England, the United Kingdom.

The company number is 00347103 and the address of the registered office is 1 Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

3. JUDGMENTS 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.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements that have been made in the process of applying the Company's accounting policies, apart from those involving estimations, that had the most significant effect on the financial statements.

Treatment of valuation profits and losses on derivative financial instruments

The Company's derivatives comprise diesel fuel swap contracts entered into on behalf of other group companies and corresponding back-to-back agreements on equal and opposite terms with those group operating companies as outlined in Note 1.10. As these derivatives have no net impact on the Company's total comprehensive income, the Company has not recognised any gross costs or income for changes in their fair value in the Statement of comprehensive income.

Recognition of group pension schemes in the Company's financial statements

The Company's and a number of its subsidiaries' current and former employees are members of the Arriva Passenger Services National Pension Scheme (APSNPS) and the Arriva Passenger Services Pension Plan (APSPP), which are group multi-employer defined benefit pension schemes. Contributions to those schemes are made both by the Company and the relevant subsidiaries.

As there is no contractual agreement or policy for allocating the costs for APSNPS and APSPP to participating group entities, management has determined that the Company, as the sponsoring employer, should recognise the assets and liabilities of these schemes as a whole within the financial statements, as outlined in Note 1.9.

The service cost of the schemes is fully recognised in the Statement of comprehensive income, however the net impact on profit and loss reflects adjustments for contributions paid by other participating employers.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

3.2 Critical assumptions and key sources of estimation uncertainty

The following areas are the critical assumptions concerning the future and the key sources of estimation uncertainty in the reporting year. These areas may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of intangible assets

Intangible assets are reviewed annually for any indicators of impairment. Following their review, it was identified that impairments were required to certain intangible assets in 2020. See Note 12 for the carrying amount of the intangible fixed assets.

Impairment of investments

The Company reviews investments annually for any indicator of impairment, and where an indicator is identified, an estimate is made of the recoverable amount. The review at 31 December 2021 did not identify any impairments, with estimated recoverable amounts exceeding the carrying values of the investments.

In determining the recoverable amounts of the investments, their value in use was estimated by calculating the discounted present value of their future expected cash flows. If the discount rates applied in management's value in use calculations at 31 December 2021 were to increase by 1%, this would not have led to the recognition of any impairments in these financial statements. See Note 14 for further details of the carrying amount of investments.

Defined benefit pension scheme obligations

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligations depend on a number of factors, with those most likely to lead to a material change in the obligation being; life expectancy, future salary increases, inflation, future pension increases and the discount rate on corporate bonds. Management, in conjunction with group actuaries, use these factors in determining the pension obligations in the Balance sheet. The assumptions reflect historical experience and current trends.

See Note 22 for the sensitivity analysis of potential impacts to the defined benefit pension obligations recorded at the balance sheet date for changes to assumptions for those factors.

Defined benefit pension scheme ABC assets

Included within pension scheme assets is a partnership interest held by APSPP in a subsidiary of the Company, Arriva ABC Scottish Limited Partnership (SLP), which was created as part of an asset backed contribution (ABC) arrangement during 2019. The ABC is backed by loan notes issued by another subsidiary of the Company, Arriva International Limited.

The Company also holds a partnership interest in the SLP which is recognised at fair value as a receivable owed by group undertakings due after more than one year (see Note 15). The fair value movement on the receivable during the year is provided in Note 9 (2020: Note 8).

Further details on the ABC, including the distribution mechanism for the SLP's partners (including APSPP and the Company) is provided in Note 22.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

3.2 Critical assumptions and key sources of estimation uncertainty (continued)

The value of the SLP interests at the balance sheet date has been calculated by independent actuaries. The following are considered the key valuation assumptions for the assets:

• The average assumed returns on APSPP's assets has been assessed using a 'market consistent' approach, assuming returns each year are in line with the risk free rate (i.e. the gilt yield).
• The volatility of returns on assets and volatility of interest rates (which affect whether scheme funding levels triggering changes to distributions will occur), have been modelled using market based forward looking data as at 31 December 2021.
• The cash flows due to the SLP have been weighted based on a probability of a default event in each future year for Arriva International Limited, which has been derived from the credit default swap data of Deutsche Bahn AG (the ultimate parent of the Company and of Arriva International Limited). This assumes a recovery rate in the event of a default of 40% (2020: 40%).
• The projected future cash flows, allowing for the possibility of default and hitting funding level triggers, have been discounted to present value using a risk free rate (gilt yield) plus a premium to reflect the illiquidity of the loan notes. At 31 December 2021 this illiquidity premium was 1% (2020: 1%).

4. OPERATING LOSS

The operating loss is stated after charging:

	2021	*2020*
	£000	*£000*
Depreciation of tangible fixed assets (Note 13)	**2,764**	*2,450*
Impairment of intangible assets (Note 12)	**-**	*30,470*
Amortisation of intangible assets (Note 12)	**4,722**	*5,782*
Loss on disposal of tangible fixed assets (Note 13)	**-**	*192*
Loss on disposal of intangible assets (Note 12)	**3,831**	*-*
Staff costs (Note 6)	**45,940**	*41,727*
Expenses related to short-term leases	**-**	*29*

5. AUDITORS' REMUNERATION

Fees payable to the Company's auditors in respect of the audit of the financial statements and for other services provided to the Company are as follows:

	2021 £000	*2020 £000*
Fees for the audit of the company	**121**	*71*
Fees for non-audit services to the company		
Other services	**3**	*3*
Tax advisory services	**16**	*91*
Audit related assurance services	**6**	*5*

6. STAFF COSTS

Staff costs were as follows:

	2021 £000	*2020 £000*
Wages and salaries	**23,911**	*28,607*
Social security costs	**2,751**	*3,297*
Other pension costs	**19,278**	*9,823*
	45,940	*41,727*

Contributions to the Arriva Passenger Services Pension Plan (APSPP) and the Arriva Passenger Services National Pension Scheme (APSNPS) are also made by other participating employers. The contributions paid by other participating employers during the year totalled £6,800,000 (2020: £6,100,000) and are credited to other pension costs.

Other pension costs in the year were impacted by curtailment losses of £11,100,000 (2020: £Nil) arising from the closure of the APSPP and APSNPS and a settlement loss of £1,384,000 (2020: £Nil) on buy-out of the Arriva Pension Scheme (APS). See Note 22 for further information.

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	*2020 No.*
Administrative	**300**	*334*

Notes to the financial statements
For the Year Ended 31 December 2021

7. DIRECTORS' EMOLUMENTS

	2021 £000	*2020 £000*
Directors' emoluments	**1,283**	*3,303*
	1,283	*3,303*

The decrease in emoluments between 2020 and 2021 reflects additional contractual entitlements that fell due to exiting Directors in 2020.

The emoluments include £Nil (2020: £10,000) of contributions paid by the Company to contract-based pension schemes for no directors (2020: 1). They also include compensation paid for loss of office of £125,000 (2020: £87,000) in respect of 1 director (2020: 1).

Highest paid director
Emoluments of the highest paid director were £674,000 (2020: £2,152,000).

The value of the Company's contributions paid to contract-based pension schemes in respect of the highest paid director amounted to £Nil (2020: £Nil).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	*2020 £000*
Interest receivable from group undertakings	**2**	*118*
Other interest receivable	**1**	*3*
Fair value gain on amounts due from group undertakings	**-**	*9,238*
	3	*9,359*

The fair value gain in 2020 on amounts due from group undertakings represented the change in value of the Company's partnership interest in the SLP. Refer to Note 3.2 for details of key assumptions impacting the valuation of this asset and Note 15 for the carrying amount at the balance sheet date.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	*2020 £000*
Interest payable to group undertakings	**5,884**	*6,195*
Interest on lease liabilities	**152**	*183*
Fair value loss on amounts due from group undertakings	**1,450**	*-*
Net exchange loss on foreign currency transactions	**8**	*181*
Other interest payable	**3**	*5*
Waiver of loans receivable from group undertakings	**-**	*1,913*
	7,497	*8,477*

The fair value loss on amounts due from group undertakings represents the change in value of the Company's partnership interest in the SLP. Refer to Note 3.2 for details of key assumptions impacting the valuation of this asset and Note 15 for the carrying amount at the balance sheet date.

10. OTHER FINANCE CREDIT

	2021 £000	*2020 £000*
Interest income on pension scheme assets (Note 22)	**15,350**	*20,521*
Interest cost on defined benefit obligation (Note 22)	**(14,344)**	*(17,716)*
Total other finance credit	**1,006**	*2,805*

11. TAX ON LOSS

	2021	*2020*
	£000	*£000*
CORPORATION TAX		
Adjustments in respect of prior years	**(1,635)**	*10,090*
	(1,635)	*10,090*
TOTAL CURRENT TAX (CREDIT) / CHARGE	**(1,635)**	*10,090*
DEFERRED TAX		
Origination and reversal of timing differences	**244**	*793*
Adjustments in respect of prior years	**(594)**	*29,451*
TOTAL DEFERRED TAX (CREDIT) / CHARGE	**(350)**	*30,244*
TOTAL TAXATION (CREDIT) / CHARGE ON LOSS	**(1,985)**	*40,334*

FACTORS AFFECTING TAX (CREDIT) / CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021	*2020*
	£000	*£000*
Loss before tax	**(88,004)**	*(25,926)*
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(16,721)**	*(4,926)*
EFFECTS OF:		
Expenses not deductible for tax purposes	**380**	*384*
Non-taxable dividend income	**-**	*(11,400)*
Losses not available for group relief	**16,031**	*16,936*
Adjustments in respect of prior years	**(2,229)**	*39,541*
Non-deductible impairment of fixed asset investment	**-**	*228*
Impact of rate change on deferred tax	**554**	*(429)*
TOTAL TAX (CREDIT) / CHARGE FOR THE YEAR	**(1,985)**	*40,334*

11. TAX ON LOSS (CONTINUED)

During 2019 the Company made significant one-off pension contributions to its defined benefit pension schemes (including £230,000,000 paid to the Arriva Passenger Services Pension Plan (APSPP)). At the time the 2019 financial statements were finalised, it was assumed that corporation tax relief for those contributions would be enjoyed by Arriva plc. Subsequent to the financial statements being signed, the corporation tax returns for Arriva plc and its UK subsidiaries were prepared on the basis that relief for the pension contributions would be instead enjoyed by certain of Arriva plc's UK subsidiaries (as opposed to Arriva plc), causing a significant adjustment in respect of prior years in 2020.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposal to increase the rate to 25% was substantively enacted before the balance sheet date, so its effects are included in these financial statements.

12. INTANGIBLE ASSETS

	Intangible assets under development £000	Intangible assets £000	Total £000
COST			
At 1 January 2021	**21,599**	**55,621**	**77,220**
Disposals	**(21,599)**	**(4,891)**	**(26,490)**
At 31 December 2021	**-**	**50,730**	**50,730**
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 January 2021	**21,599**	**24,265**	**45,864**
Charge for the year	**-**	**4,722**	**4,722**
Disposals	**(21,599)**	**(1,060)**	**(22,659)**
At 31 December 2021	**-**	**27,927**	**27,927**
NET BOOK VALUE			
At 31 December 2021	**-**	**22,803**	**22,803**
At 31 December 2020	*-*	*31,356*	*31,356*

12. INTANGIBLE ASSETS (CONTINUED)

Intangible assets primarily relate to costs for Enterprise Resource Planning (ERP) systems.

ERP systems were being implemented throughout the Arriva group using a phased integration therefore some elements of the project were live and fully implemented with other elements that were under development. During the year the Company derecognised ERP systems that were no longer being developed and had previously been impaired, resulting in no gain or loss on derecognition. The Company also derecognised part of an operational ERP system that was no longer being utilised, resulting in a loss on disposal in the year of £3,831,000.

Amortisation charges relate to intangible assets which are fully operational.

13. TANGIBLE ASSETS

	Freehold property £000	Plant, machinery and vehicles £000	Leasehold property £000	Total £000
COST				
At 1 January 2021	**8,459**	**3,323**	**10,659**	**22,441**
Additions	**-**	**110**	**-**	**110**
Disposals	**-**	**(2,271)**	**-**	**(2,271)**
At 31 December 2021	**8,459**	**1,162**	**10,659**	**20,280**
ACCUMULATED DEPRECIATION				
At 1 January 2021	**3,537**	**1,512**	**3,026**	**8,075**
Charge for the year	**143**	**1,150**	**1,471**	**2,764**
Disposals	**-**	**(2,263)**	**-**	**(2,263)**
At 31 December 2021	**3,680**	**399**	**4,497**	**8,576**
NET BOOK VALUE				
At 31 December 2021	**4,779**	**763**	**6,162**	**11,704**
At 31 December 2020	*4,922*	*1,811*	*7,633*	*14,366*

Leasehold property comprises entirely right-of-use assets recognised in accordance with IFRS 16.

Plant, machinery and vehicles also includes right-of-use assets recognised in accordance with IFRS 16 with a book value as at 31 December 2021 of £214,000 (2020: £220,000). This book value reflects additions during the year of £110,000, disposals at a cost of £94,000 and depreciation charged during the year of £108,000. Accumulated depreciation on assets disposed of totalled £86,000.

14. INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2021 and 31 December 2021	**742,912**
IMPAIRMENT	
At 1 January 2021 and 31 December 2021	**37,089**
NET BOOK VALUE	
At 31 December 2021 and 2020	**705,823**

14. INVESTMENTS (CONTINUED)

The directors believe that the carrying value of the investments are supported by their underlying value.

A full list of investments held directly and indirectly in subsidiary companies can be found on pages 48 to 57 with their Registered Offices below:

14.1 1 Admiral Way, Doxford International Business Park, Sunderland, UK, SR3 3XP
14.2 Suite 913, Europort, Gibraltar
14.4 The Ca'D'Oro, 45 Gordon Street, Glasgow, Scotland, G1 3PE
14.5 Via Trebazio, 1, 20145, Milano, Italy
14.6 Piazza Marconi, 4, 24122, Bergamo, Italy
14.7 Via Cassala, 3, 25126, Brescia, Italy
14.8 Via del Patidov 13, 33100, Udine (UD) Italy
14.13 Mileparken 12 A, 2740 Skovlunde Denmark
14.14 Liljeholmsstranden 5, 117 43, Stockholm, Sweden
14.15 Bornholmstraat 60, 9723 AZ, Groningen, Netherlands
14.16 Rua Marcos de Portugal, 10 Laranjeiro, 2810-260, Almada, Portugal
14.17 Rua das Arcas, Pinheiro, Guimaraes, 4810-647, Pinheiro, GMR, Portugal
14.19 C/Jose Abascal 45, PPAL DCHA 28003, Madrid, Spain
14.20 C/Ibiza No. 15, 07400 Alcudia, Mallorca, Spain
14.21 Pol. Ind. Pocomaco, Avda. Quinta, Parcel E-16 15/90, A.Coruna, Spain
14.22 Paseo de la Estacion s/n, 15405, Ferrol, Spain
14.23 C/Fraguas No. 27, Pol. Ind. Urtinsa 28923, Alcorcon. Madrid Spain
14.24 27-31 Andor Street, Budapest, HU-1119, Hungary
14.25 Lastomirska c.1, 071 80, Michalovce, Slovakia
14.26 Povazska 2, 940 14 Nove, Zamky, Slovakia
14.27 Bratislavska cesta 1804, 945 01, Komarno, Slovakia
14.28 Sturova 72, 949 44 Nitra, Slovakia
14.29 Bystricka cesta 62, 034 01, Ruzomberok, Slovakia
14.30 Nitrianska 5, 917 02, Trnava, Slovakia
14.31 Krizikovà 148/34, 186 00, Praha 8, Czech Republika
14.32 Vitkovicka 3133/5, 702 00, Ostrava, Moravska Ostrava, Czech Republic
14.33 Na Ostrove 177, 537 01, Chrudim, Czech Republic
14.34 Pod Hajem 97, 267 01 Kraluv, Dvur, Czech Republic
14.35 Zeleznicaru 885, 272 80, Kladno - Krocehlavy, Czech Republic
14.36 Zwirki i Wigury 16a, 02-0912 Warszawa, Poland
14.37 Gen.Jana Henryka Dabrowskiego 8/24 str. 87-100 Torun, Poland
14.38 Mose Pijade 9, Pozarevac, Serbia
14.39 Kolodvorska 11, SI-6000, Koper, Slovenia
14.40 Meljska cesta 97, SI-2000, Maribor, Slovenia
14.42 Cesta marsala Tita, 67 SI-4270, Jesenice, Slovenia
14.44 Sv. L.B Mandica 33, 31000 Osijek, Croatia (Hrvatska)
14.45 Bucharest, 3 Delea Noua St, Ground Floor, sector 3, Romania
14.47 U Stavorservisu 692/1b, Malesice, 108 00 Praha 10
14.48 Setaliste 20. travnja 18, 51557 Cres, Croatia (Hrvatska)
14.49 Jure Turica 8, 53000 Gospic
14.50 Hanloch, Hans-Bockler-Str.55, Hassloch, 67454
14.51 Industrijska 14, 34000 Pozega, Croatia (Hrvatska)
14.52 Prilaz V. Holjevca 2, 47000 Karlovac, Croatia (Hrvatska)
14.53 Trg 133. brigade HV - a 2, 53220 Otocac
14.54 Szekesfehervar, Berenyi ut 72-100/63, 8000 Hungary
14.56 Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD
14.57 Skojtevej 26, 2770 Kastrup, Denmark
14.58 Via della, Pergola, 2, 23900, Lecco, Italy

14. INVESTMENTS (CONTINUED)

14.59 Trambaan 3, 8441 BH, Heerenveen, Netherlands

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
00741078 Limited	14.1	Ordinary (indirectly held)	100%
Alliance Rail Holdings Ltd	14.1	Ordinary (indirectly held)	100%
Ambuline Limited	14.1	Ordinary (indirectly held)	100%
APS (Leasing) Ltd	14.1	Ordinary (indirectly held)	100%
Arriva ABC GP Limited	14.56	Ordinary	100%
Arriva ABC Scottish Limited Partnership	14.56	Ordinary (indirectly held)	100%
Arriva Bus & Coach Holdings Limited	14.1	Ordinary (indirectly held)	100%
Arriva Bus & Coach Ltd	14.1	Ordinary (indirectly held)	100%
Arriva Cymru Limited	14.1	Ordinary (indirectly held)	100%
Arriva Durham County Limited	14.1	Ordinary (indirectly held)	100%
Arriva East Herts & Essex Ltd	14.1	Ordinary (indirectly held)	100%
Arriva Finance Lease Limited	14.1	Ordinary (indirectly held)	100%
Arriva International (Northern Europe) Limited	14.1	Ordinary (indirectly held)	100%
Arriva International (Southern Europe) Limited	14.1	Ordinary (indirectly held)	100%
Arriva International Limited	14.1	Ordinary	100%
Arriva International Trains (Leasing) Limited	14.1	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Arriva Kent&Surrey Limited	14.1	Ordinary (indirectly held)	100%
Arriva Kent Thameside Limited	14.1	Ordinary (indirectly held)	100%
Arriva London North Limited	14.1	Ordinary (indirectly held)	100%
Arriva London Pension Scheme Trustee Limited	14.1	Ordinary	100%
Arriva London South Limited	14.1	Ordinary (indirectly held)	100%
Arriva Manchester Limited	14.1	Ordinary (indirectly held)	100%
Arriva Merseyside Limited	14.1	Ordinary (indirectly held)	100%
Arriva Midlands Limited	14.1	Ordinary (indirectly held)	100%
Arriva Midlands North Limited	14.1	Ordinary (indirectly held)	100%
Arriva Motor Holdings Limited	14.1	Ordinary	100%
Arriva North East Limited	14.1	Ordinary (indirectly held)	100%
Arriva North West Limited	14.1	Ordinary (indirectly held)	100%
Arriva Northumbria Limited	14.1	Ordinary (indirectly held)	100%
Arriva Passenger Services Pension Trustees Limited	14.1	Ordinary (indirectly held)	100%
Arriva Rail East Midlands Limited	14.1	Ordinary (indirectly held)	100%
Arriva Rail London Limited	14.1	Ordinary (indirectly held)	100%
Arriva Rail XC Limited	14.1	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Arriva Rail North Limited	14.1	Ordinary (indirectly held)	100%
Arriva Scotland West Limited	14.4	Ordinary (indirectly held)	100%
Arriva South Eastern Rail Limited	14.1	Ordinary (indirectly held)	100%
Arriva the Shires Limited	14.1	Ordinary (indirectly held)	100%
Arriva Trains Holdings Limited	14.1	Ordinary (indirectly held)	100%
Arriva Trains Wales / Trenau Arriva Cymru Limited	14.1	Ordinary (indirectly held)	100%
Arriva Transport Solutions Limited	14.1	Ordinary (indirectly held)	100%
Arriva Trustee Company Limited	14.1	Ordinary	100%
Arriva UK Bus Holdings Limited	14.1	Ordinary (indirectly held)	100%
Arriva UK Bus Investments Limited	14.1	Ordinary	100%
Arriva UK Bus Limited	14.1	Ordinary (indirectly held)	100%
Arriva UK Bus Properties Limited	14.1	Ordinary (indirectly held)	100%
Arriva UK Trains Limited	14.1	Ordinary (indirectly held)	100%
Arriva Yorkshire Ltd	14.1	Ordinary (indirectly held)	100%
At Seat Catering (2003) Limited	14.1	Ordinary (indirectly held)	100%
Centrebus Holdings Limited	14.1	Ordinary (indirectly held)	100%
Classic Coaches (Continental) Limited	14.1	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
DB Regio Tyne and Wear Limited	14.1	Ordinary (indirectly held)	100%
Grand Central Railway Company Limited	14.1	Ordinary (indirectly held)	100%
Great North Eastern Railway Company Limited	14.1	Ordinary (indirectly held)	100%
Great North Western Railway Company Limited	14.1	Ordinary (indirectly held)	100%
Greenline Travel Limited	14.1	Ordinary (indirectly held)	100%
London and North Western Railway Company Limited	14.1	Ordinary (indirectly held)	100%
M40 Trains Limited	14.1	Ordinary (indirectly held)	100%
MTL Services Limited	14.1	Ordinary	100%
Premier Buses Ltd	14.1	Ordinary (indirectly held)	100%
Stevensons of Uttoxeter Limited	14.1	Ordinary (indirectly held)	100%
Teamdeck Limited	14.1	Ordinary (indirectly held)	100%
TGM (Holdings) Limited	14.1	Ordinary	100%
TGM Group Limited	14.1	Ordinary (indirectly held)	100%
The Chiltern Railway Company Limited	14.1	Ordinary (indirectly held)	100%
Transcare Solutions Limited	14.1	Ordinary (indirectly held)	100%
White Rose Bus Company Limited	14.1	Ordinary (indirectly held)	100%
XC Trains Limited	14.1	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Yorkshire Tiger Limited	14.1	Ordinary (indirectly held)	100%
Zeta Automotive Limited	14.1	Ordinary	100%
ACTIJOVEN CONSULTING&TRAVELLING s.l.	14.23	Ordinary (indirectly held)	100%
Arriva Bus Abu Dhabi Limited	14.1	Ordinary (indirectly held)	100%
Arriva Bus Transport Polska Sp. z o.o.	14.37	Ordinary (indirectly held)	99.8%
Arriva City s.r.o.	14.47	Ordinary (indirectly held)	100%
Arriva Danmark A/S	14.57	Ordinary (indirectly held)	100%
Arriva Dolenjska in Primorska, družba za prevozpotnikov, d.o.o.	14.39	Ordinary (indirectly held)	99.95%
Arriva Galicia S.L.	14.21	Ordinary (indirectly held)	100%
Arriva Hrvatska d.o.o.	14.44	Ordinary (indirectly held)	100%
Arriva Hungary Zrt.	14.24	Ordinary (indirectly held)	100%
Arriva Insurance A/S	14.57	Ordinary (indirectly held)	100%
Arriva Insurance Company (Gibraltar) Limited	14.2	Ordinary	100%
ARRIVA INVESTIMENTOS SGPS	14.16	Ordinary (indirectly held)	100%
Arriva Italia Rail S.R.L.	14.5	Ordinary (indirectly held)	100%
Arriva Italia s.r.l.	14.5	Ordinary (indirectly held)	100%
Arriva Letbane ApS	14.57	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
ARRIVA Liorbus, a. s.	14.29	Ordinary (indirectly held)	60.42%
ARRIVA LISBOA TRANSPORTES SA	14.16	Ordinary (indirectly held)	100%
Arriva LITAS d.o.o.	14.38	Ordinary (indirectly held)	100%
ARRIVA MADRID MOVILIDAD S.L.	14.23	Ordinary (indirectly held)	100%
ARRIVA Michalovce, a.s.	14.25	Ordinary (indirectly held)	60.14%
Arriva Mobility Solutions, s.r.o.	14.28	Ordinary (indirectly held)	100%
Arriva Morava a.s.	14.32	Ordinary (indirectly held)	100%
Arriva Multimodaal BV	14.59	Ordinary (indirectly held)	100%
ARRIVA NITRA a.s.	14.28	Ordinary (indirectly held)	60.48%
ARRIVA Nove Zamky, a.s.	14.26	Ordinary (indirectly held)	60.36%
Arriva Östgötapendeln AB	14.14	Ordinary (indirectly held)	100%
Arriva Personenvervoer Nederland BV	14.59	Ordinary (indirectly held)	100%
Arriva Polska Sp. z o.o.	14.36	Ordinary (indirectly held)	100%
ARRIVA PORTUGAL – TRANSPORTES LDA	14.17	Ordinary (indirectly held)	100%
Arriva RP Sp. z o.o.	14.37	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Arriva Service A/S	14.57	Ordinary (indirectly held)	100%
Arriva Service s.r.o.	14.27	Ordinary (indirectly held)	100%
Arriva Services a.s.	14.34	Ordinary (indirectly held)	100%
ARRIVA Slovakia a.s.	14.28	Ordinary (indirectly held)	100%
ARRIVA SPAIN HOLDING, S.L.	14.19	Ordinary (indirectly held)	100%
Arriva Spain Rail S.A.	14.19	Ordinary (indirectly held)	100%
Arriva, družba za prevoz potnikov, d.o.o.	14.40	Ordinary (indirectly held)	100%
Arriva Stredni Cechy s.r.o.	14.34	Ordinary (indirectly held)	100%
Arriva Sverige AB	14.14	Ordinary (indirectly held)	100%
Arriva Service AB	14.14	Ordinary (indirectly held)	100%
Arriva Tag AB	14.14	Ordinary (indirectly held)	100%
Arriva Techniek BV	14.59	Ordinary (indirectly held)	100%
Arriva Tog A/S	14.57	Ordinary (indirectly held)	100%
Arriva Touring BV	14.15	Ordinary (indirectly held)	100%
Arriva Trains Romania SRL	14.45	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Arriva Transport Ceska Republika a.s.	14.31	Ordinary (indirectly held)	100%
ARRIVA TRANSPORTES DA MARGEM SUL, SA	14.16	Ordinary (indirectly held)	100%
ARRIVA Trnava, a. s.	14.30	Ordinary (indirectly held)	60.50%
ARRIVA VIAJES AGENCIA OPERADORA S.L.	14.23	Ordinary (indirectly held)	100%
Arriva vlaky s.r.o.	14.31	Ordinary (indirectly held)	100%
ARRIVA Autobusy a.s.	14.33	Ordinary (indirectly held)	100%
Autobusni kolodovr d.o.o.	14.52	Ordinary (indirectly held)	93.01%
Autocares Mallorca, s.l.	14.20	Ordinary (indirectly held)	100%
Autoprometno poduzece d.d.	14.51	Ordinary (indirectly held)	90.21%
Autos Carballo, S.L.	14.21	Ordinary (indirectly held)	100%
Arriva Udine S.p.A	14.8	Ordinary (indirectly held)	60%
Autotrans d.d.	14.48	Ordinary (indirectly held)	82.01%
Autotrans Lika d.d.	14.53	Ordinary (indirectly held)	79.44%
Bergamo Trasporti Est S.c.a.r.l.	14.6	Ordinary (indirectly held)	93.67%
Botniatag AB	14.14	Ordinary (indirectly held)	60%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
Bus Nort Balear s.l.	14.20	Ordinary (indirectly held)	100%
BUS Service Jármujavito és Szolgáltató Kft	14.24	Ordinary (indirectly held)	100%
Busdan 32.1 A/S,	14.57	Ordinary (indirectly held)	100%
BUSDAN 35 ApS	14.57	Ordinary (indirectly held)	100%
BUSDAN 36 ApS	14.57	Ordinary (indirectly held)	100%
BUSDAN 37 ApS	14.57	Ordinary (indirectly held)	100%
BUSDAN 38 ApS	14.57	Ordinary (indirectly held)	100%
BUSDAN 39 ApS	14.57	Ordinary (indirectly held)	100%
BUSDAN 40 ApS	14.57	Ordinary (indirectly held)	100%
CSAD MHD Kladno a.s.	14.35	Ordinary (indirectly held)	100%
EMPRESA DE BLAS Y COMPANIA S.A.	14.23	Ordinary (indirectly held)	100%
ESFERA BUS S.L.	14.23	Ordinary (indirectly held)	100%
Estacion de autobuses de Ferrol S.A.	14.22	Ordinary (indirectly held)	80.4%
Integral Avto prodaja, servisi intechnicni pregledi vozil d.o.o.	14.42	Ordinary (indirectly held)	100%
KD SERVIS a.s.	14.35	Ordinary (indirectly held)	100%

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

Name	Registered office	Class of shares	Holding
NETOSEC S.L.	14.23	Ordinary (indirectly held)	100%
NV Personeel de Noord-Westhoek	14.59	Ordinary (indirectly held)	100%
Panturist dionicko drustvo zaprijevoz putnika i turizam d.d.	14.44	Ordinary (indirectly held)	99.88%
SAD INVEST, s.r.o.	14.30	Ordinary (indirectly held)	100%
Transportes Sul do Tejo S.A.	14.16	Ordinary (indirectly held)	100%
TRANSURBANOS DE GUIMARAES TP, LDA	14.17	Ordinary (indirectly held)	100%
Trasporti Brescia Nord S.c.a.r.l.	14.7	Ordinary (indirectly held)	92%
Trasporti Brescia Sud S.c.a.r.l.	14.7	Ordinary (indirectly held)	93%
TUF - TRANSPORTESURBANOS DE FAMALICAO,LDA	14.17	Ordinary (indirectly held)	66.67%
UCPLUS A/S	14.13	Ordinary (indirectly held)	100%
Velebit Turist d.o.o.	14.49	Ordinary (indirectly held)	100%
ArrivaBus Kft	14.54	Ordinary (indirectly held)	99%
Bergamo Trasporti Ovest S.c.a.r.l	14.6	Ordinary (indirectly held)	65.76%
Lecco Trasporti S.c.a.r.l	14.58	Ordinary (indirectly held)	56.94%
Arriva Metropolitana SLU	14.21	Ordinary (indirectly held)	100%

Notes to the financial statements
For the Year Ended 31 December 2021

15. DEBTORS

	2021 £000	*2020 £000*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	**15,201**	*16,700*
Derivative financial instruments (Note 19)	**6,388**	*8,154*
	21,589	*24,854*

	2021 £000	*2020 £000*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade debtors	**-**	*36*
Amounts owed by group undertakings	**238,675**	*234,238*
Other debtors	**1,907**	*3,192*
Prepayments and accrued income	**3,176**	*5,469*
Deferred taxation (Note 18)	**-**	*15,545*
Derivative financial instruments (Note 19)	**6,440**	*10,793*
	250,198	*269,273*

16. CREDITORS: Amounts falling due within one year

	2021 £000	*2020 £000*
Bank overdrafts	**23**	*28*
Trade creditors	**1,387**	*3,856*
Amounts owed to group undertakings	**196,424**	*126,500*
Group relief payable	**11,993**	*17,556*
Other taxation and social security	**1,698**	*1,843*
Lease liabilities	**1,726**	*1,815*
Other creditors	**987**	*908*
Accruals and deferred income	**30,346**	*16,998*
Derivative financial instruments (Note 19)	**6,440**	*10,793*
	251,024	*180,297*

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

	2021 £000	2020 £000
Lease liabilities	**5,781**	*7,292*
Amounts owed to group undertakings	**170,709**	*178,673*
Accruals and deferred income	**6,224**	*6,788*
Derivative financial instruments (Note 19)	**6,388**	*8,154*
	189,102	*200,907*

Amounts owed to group undertakings falling due after more than one year at 31 December 2021 relates entirely to a loan with the Company's subsidiary, Arriva International Limited, of £170,709,000 (2020: £178,673,000) to support Loan notes issued by that company under the asset backed contribution (ABC) agreement described in Note 22.

The loan incurs interest of 2.9072% per annum and is repayable in equal semi-annual installments up to June 2039. The amounts falling due after more than five years is £135,465,000 (2020: £145,404,000).

Lease liabilities above include £Nil (2020: £604,000) due after more than 5 years.

18. DEFERRED TAX (LIABILITY) / ASSET

	2021 £000	2020 £000
At 1 January	**15,545**	*33,095*
Credited / (charged) to loss for the financial year (Note 11)	**350**	*(30,244)*
(Charged) / credited to other comprehensive income / (expense)	**(18,207)**	*12,694*
At 31 December	**(2,312)**	*15,545*

The deferred taxation balance is made up as follows:

	2021 £000	2020 £000
Difference between capital allowances and depreciation	**(262)**	*(808)*
Pension surplus	**(33,688)**	*(9,950)*
Other temporary differences	**31,638**	*26,303*
	(2,312)	*15,545*

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivatives comprise diesel fuel swap contracts entered into on behalf of other group companies to hedge their exposure to changes in diesel prices.

As noted in the accounting policies (Note 1.10), corresponding back to back agreements are in place for each fuel hedge on equal and opposite terms.

The amounts recognised within the financial statements are as follows:

	2021	*2020*
	£000	*£000*
Debtors: Amounts falling due after more than one year (Note 15)	**6,388**	*8,154*
Debtors: Amounts falling due within one year (Note 15)	**6,440**	*10,793*
Creditors: Amounts falling due within one year (Note 16)	**(6,440)**	*(10,793)*
Creditors: Amounts falling due after more than one year (Note 17)	**(6,388)**	*(8,154)*
	-	*-*

20. OTHER RESERVES

Other reserves includes a capital redemption reserve of £1,757,000 which represents the cumulative par value of all shares bought back and cancelled by the Company and is not distributable. There is also a special reserve of £59,125,000 which was created in 1997 when an application to transfer the share premium account into a special reserve was granted by the High Court and is not distributable.

21. CALLED UP SHARE CAPITAL

	2021	*2020*
	£000	*£000*
Allotted, called up and fully paid		
204,390,901 *(2020 - 204,390,901)* Ordinary shares of £0.05	**10,220**	*10,220*

22. PENSION COMMITMENTS

During 2021 the Company operated a defined benefit scheme, the Arriva Pension Scheme (APS), which is financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees. The Company completed a 'buy-out' of the APS via payment of a premium to an external insurance Company in December 2021. The buy-out eliminated the Company's legal or constructive obligations for benefits under the APS and has been accounted as a settlement of the related pension scheme assets and defined benefit obligations during the year.

The Company is also deemed to be the principal employer for the Arriva Passenger Services National Pension Scheme (APSNPS) and the Arriva Passenger Services Pension Plan (APSPP). During 2021, both the APSNPS and APSPP were closed to future accrual, with the APSNPS simultaneously closing to new entrants. Contributions to these defined benefit schemes are based upon actuarial advice following the most recent of a regular series of valuations of the schemes by their representative independent actuaries. The Company also operates a contract-based defined contribution pension scheme.

The total pension costs for the Company were £18,600,000 (2020: £6,100,000). The pension costs in respect of the Company's contract-based pension scheme were £900,000 (2020: £800,000) and there were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

IAS 19 'Employee Benefits' (revised 2011)

The calculations used to assess the IAS 19 'Employee Benefits' (revised 2011) of the defined benefit scheme are based on the most recent actuarial valuations, updated to 31 December 2021 by qualified independent actuaries, Willis Towers Watson plc. The schemes assets are stated at their market value at 31 December 2021.

The amounts recognised in the balance sheet are as follows:

	2021 **£000**	*2020* *£000*
Present value of funded obligations	**(889,377)**	*(1,043,354)*
Fair value of scheme assets	**1,024,129**	*1,095,724*
Net pension surplus	**134,752**	*52,370*

The net pension surplus is split between pension schemes in surplus of £158,982,000 and pension schemes in deficit of £24,230,000, as at 31 December 2021 (2020: pension surpluses of £91,622,000 and pension deficits of £39,252,000).

22. PENSION COMMITMENTS (Continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2021 £000	2020 £000
Current service cost	**(8,657)**	*(8,973)*
Settlement loss on buy-out of APS	**(1,384)**	-
Curtailments	**(11,100)**	-
Interest cost on defined benefit obligation (Note 10)	**(14,344)**	*(17,716)*
Interest income on pension scheme assets (Note 10)	**15,350**	*20,521*
Pension administration charges - paid by the Company	**(797)**	*(649)*
Pension administration charges - paid by the schemes	**(2,721)**	*(2,668)*
Contributions paid by other participating employers	**6,841**	*6,094*
Past service cost	**-**	*(2,724)*
	(16,812)	*(6,115)*

Movements in the present value of the defined benefit obligations were as follows:

	2021 £000	2020 £000
Opening defined benefit obligation	**1,043,354**	*900,202*
Current service cost	**8,657**	*8,973*
Interest cost on defined benefit obligation	**14,344**	*17,716*
Actuarial (gain) / loss	**(85,068)**	*138,227*
Curtailments	**11,100**	-
Past service cost	**-**	*2,724*
Settlements	**(71,154)**	-
Benefits paid	**(35,783)**	*(30,486)*
Member contributions paid	**3,927**	*5,998*
	889,377	*1,043,354*

The curtailments reflect the impact on the defined benefit obligations of the APSNPS and APSPP arising from the closure to future accrual of both schemes during the year. The settlements reflect the derecognition of defined benefit obligations of the APS during the year due to the buy-out transaction.

The past service cost in 2020 represented the directors' best estimate of the impact on the Company's defined benefit pension obligations as a result of the High Court of Justice of England and Wales' judgement on 20 November 2020 relating to Guaranteed Minimum Pension (GMP) equalisation for past transfers. The judgement requires pension schemes to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due to members who exercised their statutory right to transfer their benefits out of these schemes as a result of GMP equalisation.

22. PENSION COMMITMENTS (Continued)

Changes in the fair value of pension scheme assets were as follows:

	2021 £000	*2020 £000*
Opening fair value of pension scheme assets	**1,095,724**	*1,024,487*
Interest income on pension scheme assets	**15,350**	*20,521*
Return on pension scheme assets (excluding interest)	**10,756**	*71,415*
Employer contributions	**7,128**	*6,457*
Member contributions	**3,927**	*5,998*
Pension administration charges	**(2,721)**	*(2,668)*
Settlements	**(70,252)**	*-*
Benefits paid	**(35,783)**	*(30,486)*
	1,024,129	*1,095,724*

The actual return on scheme assets for the year was £26,106,000 (2020: £91,936,000).

In 2019 DB was released from the guarantees made to certain of the Arriva group's pension schemes (including the APSPP). The key criteria to achieve the release was that each scheme had assets equal to 105% of the liabilities measured on a "Section 179" basis.

The method of achieving the necessary level of funding in the APSPP was for the Arriva group to both pay a special pension contribution and to enter into an Asset Backed Contribution or ABC arrangement involving the formation of a Scottish Limited Partnership – Arriva ABC Scottish Limited Partnership (the "SLP"). The combination of the additional funding and the improvement in security that these arrangements provided to that scheme enabled the scheme's trustees to agree to the release of the guarantee.

The ABC arrangement involves loan notes issued by the Company's subsidiary, Arriva International Limited, to the SLP. The SLP partners are entitled to an annual distribution of income from the loan notes, for a period of up to 20 years. The total value of distributions are fixed at £13,100,000 per year, however the share of the distributions attributable to each SLP partner is variable.

The value of SLP distributions receivable by APSPP is dependent on the results of quarterly scheme funding level checks on a Technical Provisions basis. If the scheme has a funding level of more than 100% at two consecutive funding checks, distributions to the scheme will be suspended, with cash flows redirected to the other partners. In the event of a suspension of distributions to the scheme, these will only resume when the funding level is less than 100% at a subsequent quarterly funding level check.

The cumulative amount of actuarial gains and losses recognised in equity was:

	2021 £000	*2020 £000*
At 1 January	**(342,168)**	*(275,356)*
Actuarial gain / (loss)	**95,824**	*(66,812)*
At 31 December	**(246,344)**	*(342,168)*

22. PENSION COMMITMENTS (continued)

The Company and participating employers expect to contribute £13,000,000 to the defined benefit pension schemes in 2022.

Principal actuarial assumptions at the balance sheet date:

	2021	2020
	%	%
Discount rate	1.9	1.3
Rate of increase in deferred pensions	2.5	2.1
Future salary increases	1.0	1.0
Future pension increases (APSNPS)	2.0	1.9
Future pension increases (APSPP)	3.2	2.9
Inflation rate	3.5	3.1

The average life expectancy for members aged 65 are male: 20 years (2020: 20 years) and female: 22 years (2020: 22 years). The average life expectancy at 65 for members aged 45 are male: 22 years (2020: 22 years) and female: 24 years (2020: 24 years).

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021	Restated 2020
	%	%
Equities	3.3	11.1
Bonds	56.7	53.6
Infrastructure	12.2	9.6
ABC assets	12.1	12.1
Insured liabilities	-	7.0
Other	15.7	6.6

In the prior year, the proportions of equities and bonds was incorrectly calculated. This has had no effect on any note or primary statement in these financial statements other than Note 22.

Amounts in relation to defined benefit pension schemes for the current and previous year are as follows:

	2021	2020
	£000	£000
Defined benefit obligation	(889,377)	(1,043,354)
Pension scheme assets	1,024,129	1,095,724
Net pension surplus	134,752	52,370

The actuarial gain / (loss) on defined benefit obligations comprises:

Experience adjustments on scheme liabilities	(7,340)	17,313
Demographic assumptions on scheme liabilities	2,111	(18,665)
Financial assumptions on scheme liabilities	90,297	(136,873)

22. PENSION COMMITMENTS (Continued)

The sensitivity analysis for the (increase) / decrease in the defined benefit obligation balance is as follows:

	2021 **£000**	2020 £000
Calculated with +1% discount rate	140,879	159,483
Calculated with -1% discount rate	(170,195)	(191,395)
Calculated with +1% inflation rate	(57,038)	(76,621)
Calculated with -1% inflation rate	54,105	71,518
Calculated with +0.5% pension increase rate	(29,622)	(35,667)
Calculated with increased expectation of life of 1 year	(37,354)	(45,908)

At 31 December 2021, the weighted average remaining duration/maturity of the defined benefit obligation was 27 years for the APSNPS and 17 years for the APSPP.

23. ULTIMATE PARENT AND CONTROLLING PARTY

The ultimate parent company and ultimate controlling party is Deutsche Bahn AG, a company registered in Germany, which has prepared group financial statements incorporating the results of Arriva plc. Copies of these financial statements can be obtained from Potsdamer Platz 2, 10785 Berlin.

Deutsche Bahn AG is the largest and smallest group to consolidate the financial statements of Arriva plc.

The immediate parent company is Arriva Investments Limited.

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the Company has taken advantage of the exemption available under IAS 24 'Related party disclosures' for wholly-owned subsidiaries.

24. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events, however, Arriva will closely monitor developments in both Russia and Ukraine. This is a non-adjusting post balance sheet event, as we do not expect there to be any material impact due to the company not having operations in either of the above countries. Although the group operates across Europe, we do not see any other material business risks at this stage, but management are continuously monitoring the impact on fuel prices and how this may impact the wider group.