

**ARRIVA UK BUS PROPERTIES LIMITED**

**Annual report and financial statements**

**For the Year Ended 31 December 2019**

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# ARRIVA UK BUS PROPERTIES LIMITED

## Company Information

**Directors**

P O'Neil  
M Hemus  
R C Abdey  
A J Hands  
A R Whitehouse

**Company secretary**

L E McDermott

**Registered number**

1520927

**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

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**ARRIVA UK BUS PROPERTIES LIMITED**

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**Contents**

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	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditors' report</b>	5 - 7
<b>Statement of comprehensive income</b>	8
<b>Balance sheet</b>	9
<b>Statement of changes in equity</b>	10
<b>Notes to the financial statements</b>	11 - 24

**Strategic report  
For the Year Ended 31 December 2019**

The directors present their Strategic report for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES**

The principal activity of the company was previously that of holding properties for rental purposes to subsidiary undertakings of Arriva UK Bus Holdings Limited and other Arriva plc group companies. The company holds a number of vacant properties with a view for resale.

**REVIEW OF BUSINESS**

The company's statement of comprehensive income on page 8 shows a loss before taxation of £66,000 (2018: profit of £89,000). The decrease in the profit before taxation is primarily due to reduced level of activity within the company.

As at the balance sheet date the company had net assets of £1,459,000 (2018 Restated: £1,527,000). The change from a profit to a loss reflects the impact of a gain on properties disposed in 2018 that was not repeated in 2019.

There have been no material changes since the balance sheet date.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to local and national competition and factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of the ultimate parent company, Arriva plc, which does not form part of this report.

**FUTURE DEVELOPMENTS**

The company is a wholly owned subsidiary of Arriva UK Bus Holdings Limited 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 coronavirus pandemic with a resulting impact on passengers, colleagues, and other business stakeholders. The Arriva group has and continues to work closely with both local and national government bodies and transport authorities on support measures to ensure continuation of critical transportation services during the pandemic.

**Liquidity risk**

The company voluntarily participates in a group cash pooling arrangement operated 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. Under the arrangement all the company's cash balances are swept into the group cash pool at the end of each business day. The company has a positive cash pooling balance at the balance sheet date and the directors expect the company's pooled cash balance to remain positive over the going concern assessment period.

The company is currently dependent on daily access to its funds in the cash pool for the funds required to operate and to support the going concern assertion. As the terms of the company's agreement with DB do not provide explicit rights for immediate access to these funds on request, this gives rise to a potential liquidity risk that funds may not be available as required to settle liabilities during the period of 12 months from the date of approval of the financial statements, which the directors acknowledge that this indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the directors consider this risk to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice.

Since inception of the pooling arrangement, the company has never experienced any issue being able to draw upon its cash balances within the group cash pool to settle its liabilities as they fall due. The company also has a unilateral right to terminate its participation in the group cash pooling arrangement by giving one month's notice to DB.

**Strategic report (continued)**  
**For the Year Ended 31 December 2019**

**FUTURE DEVELOPMENTS (continued)**

Outcome of directors' going concern assessment

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB. The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled cash balances with DB, and will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

These conditions 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 contain the adjustments that would arise if the company were unable to continue as a going concern.

**KEY PERFORMANCE INDICATORS**

The Management Board of Deutsche Bahn AG manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Arriva UK Bus Properties Limited. The development performance and position of the group, including this company, is discussed in the Deutsche Bahn Integrated Report which does not form part of this report.

This report was approved by the board on 1 July 2021 and signed on behalf of the board.



**M Hemus**  
Director

**Directors' report  
For the Year Ended 31 December 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £68,000 (2018 - profit £137,000).

The company did not pay a dividend during the current and previous year.

**DIRECTORS**

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

P O'Neil (appointed 20 August 2019)

I M Jago (resigned 20 August 2019)

R C Abdey

M R Noakes (resigned 31 January 2020)

A J Hands

D Wells (appointed 13 March 2019, resigned 19 June 2019)

M Hemus (appointed 1 January 2020)

A R Whitehouse (appointed 15 June 2020)

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Details of financial risk management objectives and policies are shown in the annual report of the UK intermediate parent company, Arriva plc, which does not form part of this report.

**MATTERS COVERED IN THE STRATEGIC REPORT**

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

**Directors' report  
For the Year Ended 31 December 2019**

**DIRECTORS' RESPONSIBILITIES STATEMENT 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 regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

This report was approved by the board on 1 July 2021 and signed on its behalf.



**M Hemus**  
Director

# ***Independent auditors' report to the members of Arriva UK Bus Properties Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 2019; 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **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 dependent on the Deutsche Bahn AG ("DB") cash pooling arrangements for access to the cash necessary for the day-to-day running of the company and to support the going concern assertion. As per the terms of the company's agreement with DB, the company does not have explicit rights for immediate access to these funds on request, which gives rise to a potential liquidity risk that funds may not be available as required to settle liabilities during the period of 12 months from the date of approval of the financial statements.

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 was unable to continue as a going concern.

### **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.



## ***Independent auditors' report to the members of Arriva UK Bus Properties Limited (continued)***

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### **Reporting on other information (continued)**

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' Responsibilities Statement in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

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

## ***Independent auditors' report to the members of Arriva UK Bus Properties Limited (continued)***

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not received 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.



Craig Willis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
1 July 2021

# ARRIVA UK BUS PROPERTIES LIMITED

## Statement of comprehensive income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Administrative expenses		(61)	(111)
Profit on sale of assets held for sale / tangible fixed assets		-	197
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(61)</b>	<b>86</b>
Interest receivable and similar income	7	6	3
Interest payable and similar charges	8	(11)	-
<b>(Loss)/profit before taxation</b>		<b>(66)</b>	<b>89</b>
Tax on (loss) / profit	9	(2)	48
<b>(Loss)/profit for the financial year</b>		<b>(68)</b>	<b>137</b>
<b>Total comprehensive (expense)/income for the financial year</b>		<b>(68)</b>	<b>137</b>

The notes on pages 11 to 24 form part of these financial statements.

**Balance sheet**  
**As at 31 December 2019**

	Note	2019 £000	Restated 2018 £000
<b>Current assets</b>			
Right-of-use assets – held for sale	10	515	-
Tangible fixed assets - held for sale	11	210	210
Debtors	12	1,332	1,409
		<u>2,057</u>	<u>1,619</u>
Creditors: Amounts falling due within one year	13	(598)	(92)
<b>Net current assets</b>		<u>1,459</u>	<u>1,527</u>
<b>Total assets less current liabilities</b>		<u>1,459</u>	<u>1,527</u>
<b>Net assets</b>		<u>1,459</u>	<u>1,527</u>
<b>Capital and reserves</b>			
Share capital	15	-	-
Profit and loss account		1,459	1,527
<b>Total shareholders' funds</b>		<u>1,459</u>	<u>1,527</u>

The Balance sheet as at 31 December 2018 includes restatements to Tangible fixed assets – held for sale, Debtors, Creditors: Amounts falling due within one year and to reserves. Further details on the restatements are provided on page 10 of the financial statements.

The financial statements on pages 8 to 24 were approved and authorised for issue by the board and were signed on its behalf on 1 July 2021.



**M Hemus**  
Director

The notes on pages 11 to 24 form part of these financial statements.

# ARRIVA UK BUS PROPERTIES LIMITED

## Statement of changes in equity For the Year Ended 31 December 2019

	Revaluation reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2018 (as previously presented)	152	1,590	1,742
Restatements	(152)	(200)	(352)
At 1 January 2018 (restated)	-	1,390	1,390
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the financial year	-	137	137
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	137	137
At 1 January 2019 (restated)	-	1,527	1,527
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the financial year	-	(68)	(68)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	-	(68)	(68)
<b>AT 31 DECEMBER 2019</b>	-	1,459	1,459

The notes on pages 11 to 24 form part of these financial statements.

### Restatements

The Revaluation reserve and Profit and loss account as at 1 January 2018 have been restated with a resulting impact on Total shareholders' funds of £352,000 to reflect the following adjustments to the company's balance sheet as at that date:

- Amendment of previous Directors' fair values of tangible fixed assets - held for sale resulting in a reduction of £354,000 to their previously reported carrying values.
- Amendment to increase accruals and deferred income for a previously unrecognised environmental obligation of £70,000 in relation to one of the company's tangible fixed assets - held for sale.
- Amendment to increase deferred tax assets by £72,000 for the net tax impact of the above adjustments to tangible fixed assets - held for sale and accruals and deferred income.

In addition, the company has also restated its previously presented balance sheet as at 31 December 2018 to reduce the carrying values of both 'tangible fixed assets – held for sale' and 'accruals and deferred income' by £150,000. This restatement corrects a valuation adjustment on a tangible fixed asset held for sale that was previously recognised within accruals and deferred income and has no impact on the previously reported profit for the financial year ended 31 December 2018, nor on the Profit and loss account or Net assets previously reported as at 31 December 2018.

**Notes to the financial statements  
For the Year Ended 31 December 2019****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 and in accordance with the Companies Act 2006.

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

During the year the company adopted IFRS 16 "Leases", which has had a material impact on the company's financial statements (see Note 17). There are no other amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

**GOING CONCERN**

The company is a wholly owned subsidiary of Arriva UK Bus Holdings Limited 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 coronavirus pandemic with a resulting impact on passengers, colleagues, and other business stakeholders. The Arriva group has and continues to work closely with both local and national government bodies and transport authorities on support measures to ensure continuation of critical transportation services during the pandemic.

**Liquidity risk**

The company voluntarily participates in a group cash pooling arrangement operated 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. Under the arrangement all the company's cash balances are swept into the group cash pool at the end of each business day. The company has a positive cash pooling balance at the balance sheet date and the directors expect the company's pooled cash balance to remain positive over the going concern assessment period.

The company is currently dependent on daily access to its funds in the cash pool for the funds required to operate and to support the going concern assertion. As the terms of the company's agreement with DB do not provide explicit rights for immediate access to these funds on request, this gives rise to a potential liquidity risk that funds may not be available as required to settle liabilities during the period of 12 months from the date of approval of the financial statements, which the directors acknowledge that this indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the directors consider this risk to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**1. ACCOUNTING POLICIES  
(CONTINUED)**

**GOING CONCERN (continued)**

Since inception of the pooling arrangement, the company has never experienced any issue being able to draw upon its cash balances within the group cash pool to settle its liabilities as they fall due. The company also has a unilateral right to terminate its participation in the group cash pooling arrangement by giving one month's notice to DB.

Outcome of directors' going concern assessment

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB. The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled cash balances with DB, and will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

These conditions 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 contain the adjustments that would arise if the company were unable to continue as a going concern.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**1. ACCOUNTING POLICIES  
(CONTINUED)**

**1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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

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

The company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements, the most significant of which are summarised above.

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 "Application of financial reporting requirements".



**Notes to the financial statements  
For the Year Ended 31 December 2019**

**1. ACCOUNTING POLICIES  
(CONTINUED)**

**1.3 INVESTMENT PROPERTIES AND ASSETS HELD FOR RESALE**

Investment properties were measured at cost, including transaction costs. Investment properties were derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, were recognised in the statement of comprehensive income within the period of derecognition.

Freehold land was not depreciated. For all other investment property, depreciation was calculated on a straight-line basis to allocate cost less residual value of the assets over the remaining term of the lease.

The cost of maintenance, repairs and minor equipment is charged to the comprehensive income statement as incurred; the cost of major renovations and improvements was capitalised.

Properties held for sale are initially recognised at the lower of the carrying amount prior to reclassification and their fair value less costs to sell. Assets held for sale are not depreciated.

**1.4 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.

**1.5 CREDITORS**

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

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**1. ACCOUNTING POLICIES  
(CONTINUED)**

**1.6 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.

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

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 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.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**1. ACCOUNTING POLICIES  
(CONTINUED)**

**1.7 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.

Prior to the adoption of IFRS 16 on 1 January 2019, the company classified its lease contracts as operating or finance leases in line with IAS 17, with contracts categorised as finance leases where it was determined that the risks and rewards of ownership of the asset had transferred to the company. All of the company's leases were previously categorised as operating leases under IAS 17, with the associated costs recognised as an expense on a straight-line basis over the lease term.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

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

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

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

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

**Critical judgements in applying accounting policies**

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

**Critical assumptions and key sources of estimation uncertainty**

The following areas are the critical assumptions concerning the future and the key sources of estimation uncertainty in the reporting period. 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 tangible fixed assets held for resale

The directors assess whether there are any impairment of the carrying value of tangible fixed assets held for sale on an annual basis. If there are any indicators of an impairment of the carrying value of the investment the directors will perform an impairment review. In performing the impairment review judgement is applied, in particular assessing future cash flows and assessing the market value of the property.

**3. GENERAL INFORMATION**

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

The registered company number is 1520927 and the address of the registered office is 1 Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**4. OPERATING (LOSS)/PROFIT**

The operating (loss)/ profit is stated after charging:

	2019 £000	2018 £000
Depreciation of right-of-use assets	11	-

**5. AUDITORS' REMUNERATION**

Fees payable to the company's auditors in respect of the audit of the financial statements of the company:

	2019 £000	2018 £000
Fees for the audit of the company	1	12
	1	12

**6. STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration for their services to the company (2018: £Nil).

During the year, no director received any emoluments for services to the company (2018 : £Nil).

**7. INTEREST RECEIVABLE**

	2019 £000	2018 £000
Interest receivable from group undertakings	6	3

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £000	2018 £000
Interest payable on lease liabilities	11	-
	11	-

# ARRIVA UK BUS PROPERTIES LIMITED

## Notes to the financial statements For the Year Ended 31 December 2019

### 9. TAX ON (LOSS) / PROFIT

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on loss for the year	(42)	(86)
Adjustments in respect of prior years	43	5
<b>Current tax charge/(credit)</b>	<b>1</b>	<b>(81)</b>
	<b>1</b>	<b>(81)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	26	59
Adjustments in respect of prior years	(25)	(26)
<b>Deferred tax charge (Note 14)</b>	<b>1</b>	<b>33</b>
<b>Total tax charge/(credit) on (loss) / profit</b>	<b>2</b>	<b>(48)</b>

### FACTORS AFFECTING TAX CHARGE / (CREDIT) FOR THE YEAR

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit before tax	(66)	89
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(13)	17
<b>EFFECTS OF:</b>		
Adjustments to tax charge in respect of prior years	18	(21)
Profit on disposal of non-qualifying assets	-	(37)
Impact of rate change on deferred tax	(3)	(7)
<b>TOTAL TAX CHARGE / (CREDIT) FOR THE YEAR</b>	<b>2</b>	<b>(48)</b>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**10. RIGHT-OF-USE ASSETS – HELD FOR SALE**

	<b>Long Term Leasehold Property £000</b>
<b>COST OR VALUATION</b>	
At 1 January 2019	-
Adoption of IFRS 16 (Note 17)	526
At 1 January 2019 (adjusted balance)	526
At 31 December 2019	526
<b>DEPRECIATION</b>	
At 1 January 2019	-
Charge for the year	11
At 31 December 2019	11
<b>NET BOOK VALUE</b>	
At 31 December 2019	515
At 31 December 2018	-

**11. TANGIBLE FIXED ASSETS - HELD FOR SALE**

In the previous financial years, the company sold occupied properties to fellow subsidiary undertakings within the Arriva plc group. Those properties which were vacant were retained by the company with a view to holding the properties for resale. During 2016, this resulted in those vacant properties, with a carrying value of £1,663,000 being reclassified as held for sale, at their carrying value. As at 31 December 2019, the carrying value of those properties held for sale was £210,000.

**12. DEBTORS**

	<b>2019 £000</b>	<i>Restated 2018 £000</i>
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	1,122	1,154
Group relief receivable	42	86
Deferred tax asset (Note 14)	168	169
	<u>1,332</u>	<u>1,409</u>

**Notes to the financial statements**  
**For the Year Ended 31 December 2019**

**12. DEBTORS (CONTINUED)**

Deferred tax assets as at 31 December 2018 have been restated by £72,000 to reflect the net tax impact of restatements to the balance sheet as at 1 January 2018 as outlined on page 10 of the financial statements.

**13. CREDITORS: Amounts falling due within one year**

	2019 £000	<i>Restated</i> 2018 £000
Lease liabilities - held for sale	520	-
Accruals and deferred income	78	92
	<u>598</u>	<u>92</u>

Accruals and deferred income as at 31 December 2018 has been restated to correct for a valuation adjustment to a tangible fixed asset held for sale of £150,000 that was previously recognised within accruals, and to recognise a previously unrecognised environmental obligation of £70,000 on a tangible fixed asset held for sale. The net impact of the restatements as at 31 December 2018 was a reduction in accruals and deferred income as at 31 December 2018 of £80,000. Further details on the restatements are provided on page 10 of the financial statements.

Lease liabilities - held for sale above includes £504,000 (2018: £nil) for payments contractually due after more than 5 years.



**Notes to the financial statements  
For the Year Ended 31 December 2019**

**14. DEFERRED TAX ASSET**

	<b>2019 £000</b>	<i>Restated</i> <b>2018 £000</b>
Deferred tax asset at 1 January	169	202
Charged to profit or loss (Note 9)	(1)	(33)
<b>Deferred tax asset at 31 December</b>	<b>168</b>	<b>169</b>

The deferred tax asset is made up as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Differences between capital allowances and fixed asset depreciation	156	157
Short term timing differences	12	12
<b>Deferred tax asset</b>	<b>168</b>	<b>169</b>

Deferred tax assets as at 31 December 2018 and 1 January 2018 have been restated by £72,000 to reflect the net tax impact of restatements to the balance sheet as at 1 January 2018 as outlined on page 10 of the financial statements.

**15. CALLED UP SHARE CAPITAL**

	<b>2019 £</b>	<b>2018 £</b>
<b>Authorised, allotted, called up and fully paid</b>		
100 (2018: 100) Ordinary shares of £1 each	<b>100</b>	<b>100</b>

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is Arriva UK Bus Holdings Limited.

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 the company. 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 the company.

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the company has taken advantage of the exemption available under paragraph 17 of IAS 24 'Related party disclosures' for wholly-owned subsidiaries.

**17. IMPACT OF ADOPTION OF IFRS 16**

On 1 January 2019 the company adopted IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the Standard recognised on that date.

On transition, the company recognised an additional £526,000 of right-of-use assets and £523,000 of lease liabilities. The difference represents an increase due to associated accrued expenses and a reduction due to associated prepayments at 31 December 2018.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 1.8%.

The company has applied the following practical expedients on transition to IFRS 16 for existing lease contracts previously classified as operating leases under IAS 17:

- to not reassess whether a contract is, or contains, a lease at the date of initial application to all leases which previously qualified as a lease under the provisions of IAS 17 and IFRIC 4;
- to account for leases as short term where the lease term ends within 12 months of initial application; and
- initial direct costs have been excluded from the measurement of the right-of-use asset on initial application

	<b>£000</b>
Operating lease commitment as at 31 December 2018	-
Additional lease commitments identified on transition to IFRS16	1,021
Effect from discounting	(498)
<b>Lease liabilities as at 1 January 2019</b>	<b>523</b>
Prepaid lease expenses as at 31 December 2018	3
<b>Right-of-use assets as at 1 January 2019</b>	<b>526</b>

**Notes to the financial statements  
For the Year Ended 31 December 2019**

**18. POST BALANCE SHEET EVENTS**

As a public transport operator, the Arriva group has been significantly impacted by the Covid-19 coronavirus pandemic, which is a non-adjusting post balance sheet event, with a resulting impact on passengers, colleagues, and other business stakeholders.

The company no longer trades but holds a number of vacant properties with a view for resale. Therefore the company has been less directly impacted by the pandemic than other companies in the Arriva group.