

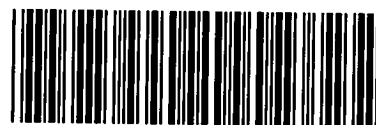
Registered number: 06544272

CENTREBUS HOLDINGS LIMITED

Annual report and financial statements

For the Year Ended 31 December 2021

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CENTREBUS HOLDINGS LIMITED

Company Information

Directors	J M Perkin P Cummins G J Smith
Registered number	06544272
Registered office	1 Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
Independent auditors	PricewaterhouseCoopers LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

CENTREBUS HOLDINGS LIMITED

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CENTREBUS HOLDINGS LIMITED

Directors' report For the Year Ended 31 December 2021

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

PRINCIPAL ACTIVITIES

The principle activity of the company is that of a bus service operator.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,727,000 (2020 - profit £182,000).

At the balance sheet date, the company had net liabilities of £1,690,000 (2020 net assets : £1,037,000). The decrease in net assets reflects the impact of an impairment charge to tangible fixed assets of £3,512,000, partially offset by an increase in tangible assets through the acquisition of public service vehicles and by the decrease in amounts owed by group undertakings.

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 were:

A Ashcroft (resigned 11 October 2021)
S W Mathieson (resigned 1 February 2023)
M A Bowd (resigned 31 March 2021)
J M Perkin
K L O'Leary (resigned 30 November 2022)
A Godley (resigned 14 July 2023)
G J Smith (appointed 9 February 2023)
P Cummins (appointed 1 December 2022)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 the Deutsche Bahn AG treasury policy. For further details relating to financial risk management please refer to the Deutsche Bahn AG 2021 Integrated 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 as patronage growth recovers beyond the pandemic.

The company worked closely with local authorities to maintain appropriate service levels for customers, supported by BRG funding. BRG was effective from September 2021 through to June 2023 and replaced the previous CBSSG Restart funding scheme, which ended in August 2021. The company now receives funding post June 2023 via the Bus Service Improvement Plan Plus (BSIP+) through its local transport authority, in line with recent correspondence between the DfT and local transport authorities. BSIP+ will run for an initial period from July 2023 to April 2024, with a further period of funding from April 2024 to April 2025. Further funding is also expected to be provided to operators through a new mechanism that will sit alongside the current Bus Service Operators Grant, the DfT are currently working with operators to confirm the rates for this grant.

CENTREBUS HOLDINGS LIMITED

Directors' report (continued) For the Year Ended 31 December 2021

FUTURE DEVELOPMENTS (continued)

Liquidity and funding risk

The company voluntarily participates in a group cash and credit facility 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 a party to this arrangement for several years. The company utilises a DB credit facility under this arrangement, which the directors expect will continue to be utilised over the going concern assessment period to meet the company's operational requirements. Under the arrangement substantially all the company's cash and utilised credit facility balances are swept into the group cash pool at the end of each business day. The company has a negative cash pooling balance at the balance sheet date, and the directors expect the balance to remain negative over the going concern assessment period.

The company had net current liabilities of £1,524,000 at 31 December 2021 (2020: £421,000), and is currently dependent on cash and the DB credit facility for daily access to the cash flows 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 and the facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements. 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 issues being able to draw upon its cash and available facility balances within the group cash pool to settle its liabilities as they fall due.

Trading risk

In completing their going concern assessment, the directors have also considered a severe but plausible downside scenario, along with associated management actions that would be taken to mitigate the impacts under that scenario on the company's cash and DB credit facility position. Actions management might need to implement include reducing services and delaying or curtailing discretionary operating or capital expenditures. If these actions were insufficient to allow cash requirements to be funded from within the current credit facility, additional funding might be required from DB. This includes consideration of the risk, which the directors believe to be remote, of potential amendments to calculation methodologies for reconciliation payments still to be received for CBSSG or to the terms of BRG, which are at the discretion of the DfT. Changes to methodologies for either scheme could potentially result in receipt of lower cash flows than management's expectation or a need to repay government funding already received to date.

The company worked closely with local authorities to maintain appropriate service levels for customers, supported by BRG funding. BRG was effective from September 2021 through to June 2023 and replaced the previous CBSSG Restart funding scheme, which ended in August 2021. The company now receives funding post June 2023 via the Bus Service Improvement Plan Plus (BSIP+) through its local transport authority, in line with recent correspondence between the DfT and local transport authorities. BSIP+ will run for an initial period from July 2023 to April 2024, with a further period of funding from April 2024 to April 2025. Further funding is also expected to be provided to operators through a new mechanism that will sit alongside the current Bus Service Operators Grant, the DfT are currently working with operators to confirm the rates for this grant.

The introduction of BRG to replace CBSSG, together with the commitment of new funding through BSIP+ and further grant funding, gives the directors confidence in future government support available to the sector and to the company. However, the exact nature and value of government funding that will be receivable by the company beyond the end of BSIP+ in April 2024 is uncertain. The directors acknowledge there is no guarantee that a formal commitment will be in place for the DB credit facility, this also indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

CENTREBUS HOLDINGS LIMITED

Directors' report (continued) For the Year Ended 31 December 2021

FUTURE DEVELOPMENTS (continued)

Outcome of directors' going concern assessment

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB and from the credit facility, and the lack of uncertainty on government funding support that will be in place beyond April 2024, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Furthermore, as set out in the Deutsche Bahn AG ('DB') 31 December 2022 annual report, DB plans to divest the Arriva group which could result in a change in ownership of the company within 12 months of the date of approval of these financial statements. Should a change in ownership occur, the directors are unable to assess or control all scenarios for the company's future, including the intent and ability of any future owner to provide funding to the company.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility balances with DB and that management actions over the assessment period will be sufficient to remain within its credit facility limit, such that adequate financing will remain in place and that the company will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has made qualifying third-party indemnity provisions for the benefit of its directors as part of a group wide insurance policy. The qualifying third-party indemnity provisions (as defined in Section 234 of the Companies Act 2006) were in force during the year ended 31 December 2021 and continue to remain in force at the reporting date.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are provided in Note 23 to the financial statements.

CENTREBUS HOLDINGS LIMITED

**Directors' report (continued)
For the Year Ended 31 December 2021**

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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, 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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

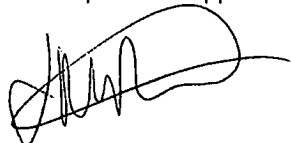
In the case of each director in office at the date the directors' report is approved:

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors' have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on 7 September 2023 and signed on its behalf.



J M Perkin
Director

Independent auditors' report to the members of Centrebus Holdings Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Centrebus Holdings Limited'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, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 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 qualified opinion

As explained in note 1.15 of the financial statements, the company's average monthly number of employees disclosed in note 8 is based on the number of persons that operationally provide services to the company. This is since staff perform work for entities, with which they do not have employment contracts, within the same group as the entity with which they have their employment contract. Therefore, it is not possible to determine what the number of employees is based on contracts. As such, the financial statements do not include the average monthly number of employees based on persons employed under contracts of service by the company as required in Section 411 (1) and Section 411 (4)(a) of the Companies Act 2006. We are unable to quantify the magnitude of the difference between management's disclosure and the disclosure that would be determined if the Companies Act requirements were followed.

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 qualified 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

Without further modifying our opinion on the financial statements, 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") (the ultimate parent undertaking) cash pooling and credit facility 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 agreements with DB, the company does not have explicit rights for immediate access to these funds on request and the credit facility with DB is not committed for a specific period of time. In addition, there is lack of certainty on government funding support that will be in place beyond April 2024. These conditions give 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. Furthermore, as set out in the DB 31 December 2022 annual report, DB plans to divest of the Arriva group which could result in a change in ownership of the company within 12 months of the date of approval of these financial statements. Should a change in ownership occur, the directors are unable to assess or control all scenarios for the company's future, including the intent and ability of any future owner to continue to provide funding to the company. 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 Centrebus Holdings Limited (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 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.

Independent auditors' report to the members of Centrebus Holdings Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to improve financial results and management bias in significant accounting estimates. 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;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular, any journal entries posted with unusual account combinations; and
- Testing and challenging of assumptions and judgements made by management in making significant accounting estimates.

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

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

Use of this report

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

CENTREBUS HOLDINGS LIMITED

Independent auditors' report to the members of Centrebus Holdings Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to the quantification of the number of persons employed under contracts of service for this company, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.



Paul Hudson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
7 September 2023

CENTREBUS HOLDINGS LIMITED

Statement of comprehensive income For the Year Ended 31 December 2021

		2021	<i>As restated</i> 2020
	Note	£000	£000
Turnover	4	2,197	2,376
Cost of sales		(2,948)	(2,739)
Gross loss		(751)	(363)
Administrative expenses		(3,636)	(59)
Other operating income	5	1,031	544
Operating (loss)/profit	6	(3,356)	122
Interest payable and similar expenses	9	(12)	(12)
(Loss)/profit before tax		(3,368)	110
Tax on (loss)/profit	10	641	72
(Loss)/profit for the financial year		(2,727)	182
Total comprehensive (expense)/income for the year		(2,727)	182

The notes on pages 12 to 32 form part of these financial statements.

CENTREBUS HOLDINGS LIMITED
Registered number: 06544272

Balance sheet
As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Goodwill	11	21	21
Tangible assets	12	-	1,777
		<u>21</u>	<u>1,798</u>
Current assets			
Stocks	14	55	14
Debtors: amounts falling due within one year	15	2,058	3,187
Cash at bank and in hand		13	2
		<u>2,126</u>	<u>3,203</u>
Creditors: amounts falling due within one year	16	(3,650)	(3,624)
Net current liabilities		<u>(1,524)</u>	<u>(421)</u>
Total assets less current liabilities		<u>(1,503)</u>	<u>1,377</u>
Creditors: amounts falling due after more than one year	17	(105)	(138)
		<u>(1,608)</u>	<u>1,239</u>
Provisions for liabilities			
Provisions	19	(82)	(202)
		<u>(82)</u>	<u>(202)</u>
Net (liabilities)/assets		<u><u>(1,690)</u></u>	<u><u>1,037</u></u>
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account		(1,691)	1,036
Total shareholders' funds		<u><u>(1,690)</u></u>	<u><u>1,037</u></u>

The company's financial statements set out on pages 10 to 33 have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 September 2023.



J M Perkin
Director

CENTREBUS HOLDINGS LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2020	1	854	855
Comprehensive income for the year			
Profit for the financial year	-	182	182
Total comprehensive income for the year	-	182	182
At 31 December 2020 and 1 January 2021	1	1,036	1,037
Comprehensive expense for the year			
Loss for the financial year	-	(2,727)	(2,727)
Total comprehensive expense for the year	-	(2,727)	(2,727)
At 31 December 2021	1	(1,691)	(1,690)

The notes on pages 12 to 32 form part of these financial statements.

CENTREBUS HOLDINGS LIMITED

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

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 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

RESTATEMENT OF STATEMENT OF COMPREHENSIVE INCOME

The comparative amounts for Cost of sales and Administrative expenses for the year ended 31 December 2020 have been restated by £112,000 to correct the presentation of establishment costs relating to depots. In the previous financial statements these values were included in Administrative expenses, however it had been determined that these were directly related to the sale of the company's services. Cost of sales as previously reported for the year ended 31 December 2020 of £2,627,000 has increased to £2,739,000 and Administrative expenses previously reported for the year ended 31 December 2020 of £171,000 has decreased to £59,000.

The restatement had no impact on the total comprehensive income reported for the year ended 31 December 2020 and hence no impact on the previously reported Statement of changes in equity for the year ended 31 December 2020 or on the company's previously reported Balance sheet at 31 December 2020.

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 as patronage growth recovers beyond the pandemic.

The company worked closely with local authorities to maintain appropriate service levels for customers, supported by BRG funding. BRG was effective from September 2021 through to June 2023 and replaced the previous CBSSG Restart funding scheme, which ended in August 2021. The company now receives funding post June 2023 via the Bus Service Improvement Plan Plus (BSIP+) through its local transport authority, in line with recent correspondence between the DfT and local transport authorities. BSIP+ will run for an initial period from July 2023 to April 2024, with a further period of funding from April 2024 to April 2025. Further funding is also expected to be provided to operators through a new mechanism that will sit alongside the current Bus Service Operators Grant, the DfT are currently working with operators to confirm the rates for this grant.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

GOING CONCERN (CONTINUED)

Liquidity and funding risk

The company voluntarily participates in a group cash and credit facility 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 a party to this arrangement for several years. The company utilises a DB credit facility under this arrangement, which the directors expect will continue to be utilised over the going concern assessment period to meet the company's operational requirements. Under the arrangement substantially all the company's cash and utilised credit facility balances are swept into the group cash pool at the end of each business day. The company has a negative cash pooling balance at the balance sheet date, and the directors expect the balance to remain negative over the going concern assessment period.

The company had net current liabilities of £1,524,000 at 31 December 2021 (2020: £421,000), and is currently dependent on cash and the DB credit facility for daily access to the cash flows 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 and the facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements. 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 issues being able to draw upon its cash and available facility balances within the group cash pool to settle its liabilities as they fall due.

Trading risk

In completing their going concern assessment, the directors have also considered a severe but plausible downside scenario, along with associated management actions that would be taken to mitigate the impacts under that scenario on the company's cash and DB credit facility position. Actions management might need to implement include reducing services and delaying or curtailing discretionary operating or capital expenditures. If these actions were insufficient to allow cash requirements to be funded from within the current credit facility, additional funding might be required from DB. This includes consideration of the risk, which the directors believe to be remote, of potential amendments to calculation methodologies for reconciliation payments still to be received for CBSSG or to the terms of BRG, which are at the discretion of the DfT. Changes to methodologies for either scheme could potentially result in receipt of lower cash flows than management's expectation or a need to repay government funding already received to date.

The company worked closely with local authorities to maintain appropriate service levels for customers, supported by BRG funding. BRG was effective from September 2021 through to June 2023 and replaced the previous CBSSG Restart funding scheme, which ended in August 2021. The company now receives funding post June 2023 via the Bus Service Improvement Plan Plus (BSIP+) through its local transport authority, in line with recent correspondence between the DfT and local transport authorities. BSIP+ will run for an initial period from July 2023 to April 2024, with a further period of funding from April 2024 to April 2025. Further funding is also expected to be provided to operators through a new mechanism that will sit alongside the current Bus Service Operators Grant, the DfT are currently working with operators to confirm the rates for this grant.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

GOING CONCERN (CONTINUED)

Trading risk (continued)

The introduction of BRG to replace CBSSG, together with the commitment of new funding through BSIP+ and further grant funding, gives the directors confidence in future government support available to the sector and to the company. However, the exact nature and value of government funding that will be receivable by the company beyond the end of BSIP+ in April 2024 is uncertain. The directors acknowledge there is no guarantee that a formal commitment will be in place for the DB credit facility, this also indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Outcome of directors' going concern assessment

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB and from the credit facility, and the lack of uncertainty on government funding support that will be in place beyond April 2024, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Furthermore, as set out in the Deutsche Bahn AG ('DB') 31 December 2022 annual report, DB plans to divest the Arriva group which could result in a change in ownership of the company within 12 months of the date of approval of these financial statements. Should a change in ownership occur, the directors are unable to assess or control all scenarios for the company's future, including the intent and ability of any future owner to provide funding to the company.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility balances with DB and that management actions over the assessment period will be sufficient to remain within its credit facility limit, such that adequate financing will remain in place and that the company will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

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

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS (continued)

comparative information in respect of:

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- 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 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The company is a qualifying entity for the purpose of FRS 101 and Note 24 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 UK, 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 "Application of financial reporting requirements".

1.3 TURNOVER

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other services supplied in the ordinary course of the business, excluding value added tax. Income is accrued where it is earned in an earlier period to that in which it is billed or received in cash. Income is deferred where it is received in an earlier period than that to which it relates.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.4 GOODWILL

Goodwill represents the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, at the acquisition date.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the business combination acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date, if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the statement of comprehensive income. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has been quantified and disclosed within the notes to the accounts.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.5 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.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)**1.5 TANGIBLE ASSETS (continued)**

Depreciation is provided at rates calculated 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:

Leasehold Property	- over the lease term
Plant and machinery	- between 10-33% straight line
Public service vehicles	- straight line up to 15 years
Right-of-use assets	- over the lease term

1.6 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.

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

1. ACCOUNTING POLICIES (CONTINUED)**1.7 IMPAIRMENT OF FIXED ASSETS AND GOODWILL**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 INVESTMENTS

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

1.9 STOCKS

Stocks primarily comprise fuel consumable by the company's public service vehicles, valued at the weighted-average of cost price and hedge prices, reflecting basis adjustments for hedged fuel purchases. Other stocks, such as consumable engineering spares, are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost of other stocks is measured on a first-in, first-out basis.

1.10 DEBTORS

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

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

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

1.11 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 to group undertakings.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.12 CREDITORS

Trade and other creditors, including amounts owed to group undertakings, are initially stated at fair value and are measured subsequently at amortised cost using the effective interest method.

1.13 GOVERNMENT GRANTS

Government grants related to income comprise government grants which are not related to assets. They are presented in the balance sheet as deferred income and released as other operating income in the statement of comprehensive income in the periods necessary to match them with the related costs which they are intended to compensate.

Government grants are recognised in other operating income only when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received or will not need to be repaid.

1.14 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 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.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.15 EMPLOYEE BENEFITS

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. In some instances employees have contracts of service with another group company. 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. In some instances employees have contracts of service with another group company.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are made, they are charged to the provision carried in the Balance sheet.

1.17 SHARES

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.

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 judgements made in applying the company's accounting policies that had a significant effect on the financial statements.

CENTREBUS HOLDINGS LIMITED

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

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

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 that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment and useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Where there is an indicator of impairment, management is required to perform an impairment review over tangible fixed assets. The operating loss recognised by the Company in the year ended 31 December 2021 is considered by management to be an indicator of impairment. For the purpose of impairment testing, the Company is considered a single CGU. The recoverable amount of the tangible fixed assets has been determined as the higher of fair value less costs of disposal and value-in-use. The fair value of the public service vehicles under 10 years old and leasehold property can be readily determined through reference to an active market. In each case the fair value less costs of disposal supports the carrying value of the assets at the reporting date and is in excess of the value in use for the CGU as a whole. For public service vehicles over 10 years old, there is no active market through which to determine the fair value of the assets. As the carrying value of the freehold property, leasehold property and public service vehicles less than 10 years old is greater than the value in use for the CGU as a whole, the public service vehicles greater than 10 years old have been impaired in full. As a result of the impairment review performed, an impairment of £3.5m (2020: £nil) has been recognised within administrative expenses. The value-in-use for the CGU has been calculated using a discount rate of 6.00% and a long term growth rate of 1.9%.

See Note 12 for the carrying amount of the tangible assets and Note 1.5 for the useful economic lives for each class of assets.

Insurance provisions

The company makes a provision for the amounts payable under insurance incidents in Note 19. The estimation of the insurance provision is based on an assessment of the expected settlement on known claims based on the experience of insurance claims handlers.

Dilapidations provisions

The company makes a provision for future costs of dilapidations in Note 19. The estimation of the dilapidation provision is based on the directors' best estimate of future dilapidation costs arising from existing contractual obligations.

3. GENERAL INFORMATION

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

The registered company number is 06544272 and the address of the registered office is 1 Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP.

CENTREBUS HOLDINGS LIMITED

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

4. TURNOVER

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2021	2020
	£000	£000
Government grants receivable	987	542
Miscellaneous income	44	2
	1,031	544

6. OPERATING (LOSS)/PROFIT

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

	2021	2020
	£000	£000
Staff costs (Note 8)	1,783	1,600
Depreciation of tangible fixed assets (Note 12)	366	418
Impairment of tangible fixed assets (Note 12)	3,512	-
Cost of stocks recognised as an expense	584	455

7. AUDITORS' REMUNERATION

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

	2021	2020
	£000	£000
Fees for the audit of the company	21	15

CENTREBUS HOLDINGS LIMITED

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

8. STAFF COSTS

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	1,561	1,398
Social security costs	132	114
Other pension costs (Note 22)	90	88
	<u>1,783</u>	<u>1,600</u>

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

	2021 No.	2020 No.
Drivers	52	60
Engineering & cleaning	2	1
Administrative	2	2
	<u>56</u>	<u>63</u>

The directors did not receive any emoluments from the company in the financial year for their directorship (2020: £nil) of the company. The directors received remuneration in respect of all their directorships from Arriva plc.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	2020 £000
Interest payable to group undertakings	12	12
	<u>12</u>	<u>12</u>

CENTREBUS HOLDINGS LIMITED

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

10. TAX ON (LOSS)/PROFIT

	2021 £000	2020 £000
Corporation tax		
Current tax for the year	(744)	98
Adjustments in respect of prior years	2	(14)
Total current tax (credit)/charge	(742)	84
Deferred tax		
Origination and reversal of timing differences	101	(82)
Adjustment in respect of prior years	-	(74)
Total deferred tax charge/(credit) (Note 18)	101	(156)
Total tax credit for the year	(641)	(72)

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%). The differences are explained below:

	2021 £000	2020 £000
(Loss)/Profit before tax	(3,368)	110
(Loss)/Profit before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	(640)	21
Effects of:		
Adjustments to tax charge in respect of prior years	2	(89)
Impact of rate change on deferred tax	(3)	(4)
Total tax credit for the year	(641)	(72)

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.

CENTREBUS HOLDINGS LIMITED

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

11. GOODWILL

	£000
Cost	
At 1 January 2021	50
At 31 December 2021	<u>50</u>
Accumulated impairment	
At 1 January 2021	29
At 31 December 2021	<u>29</u>
Net book value	
At 31 December 2021	<u><u>21</u></u>
<i>At 31 December 2020</i>	<u><u>21</u></u>

Goodwill amortisation is not permitted under FRS 101 however this is a departure from the requirements of the Companies Act 2006. The directors believe that the non-amortisation of goodwill represents a true and fair view therefore the departure from the Companies Act 2006 is appropriate. Amortisation of £14,000 would have been charged during the year under the Companies Act 2006.

CENTREBUS HOLDINGS LIMITED

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

12. TANGIBLE ASSETS

	Leasehold property £000	Plant and machinery £000	Public service vehicles £000	Total £000
Cost or valuation				
At 1 January 2021	245	167	2,330	2,742
Additions	-	-	3,165	3,165
Disposals	(70)	(1)	(1,514)	(1,585)
At 31 December 2021	175	166	3,981	4,322
Accumulated depreciation and impairment				
At 1 January 2021	72	104	789	965
Charge for the year	35	14	317	366
Disposals	(70)	(1)	(450)	(521)
Impairment charge	138	49	3,325	3,512
At 31 December 2021	175	166	3,981	4,322
Net book value				
At 31 December 2021	-	-	-	-
At 31 December 2020	173	63	1,541	1,777

CENTREBUS HOLDINGS LIMITED

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

12. TANGIBLE ASSETS (CONTINUED)

Information on right-of-use lease assets included within tangible assets is provided in the following table:

Right-of-use assets	Leasehold Property £000	Total £000
Cost or valuation		
At 1 January 2021	244	244
Disposals	(69)	(69)
At 31 December 2021	<u>175</u>	<u>175</u>
Accumulated depreciation and impairment		
At 1 January 2021	72	72
Charge for the year	35	35
Disposals	(70)	(70)
Impairment charge	138	138
At 31 December 2021	<u>175</u>	<u>175</u>
Net book value		
At 31 December 2021	-	-
At 31 December 2020	<u>172</u>	<u>172</u>

CENTREBUS HOLDINGS LIMITED

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

13. INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	<u>1,658</u>
At 31 December 2021	<u>1,658</u>
Impairment	
At 1 January 2021	<u>1,658</u>
At 31 December 2021	<u>1,658</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

SUBSIDIARY UNDERTAKINGS

The company held the following investments as at the balance sheet date:

Name	Registered office	Class of shares	Holding
Teamdeck Limited	13.1	Ordinary	100%
Yorkshire Tiger Limited	13.1	Ordinary	100%
White Rose Bus Company Limited	13.1	Ordinary	100%

Address of registered office :

13.1 1 Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

CENTREBUS HOLDINGS LIMITED

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

14. STOCKS

	2021 £000	2020 £000
Raw materials and consumables	55	14
	<u>55</u>	<u>14</u>

15. DEBTORS: Amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	175	45
Amounts owed by group undertakings	1,157	2,908
Prepayments and accrued income	51	118
Tax recoverable	660	-
Deferred taxation (Note 18)	15	116
	<u>2,058</u>	<u>3,187</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16. CREDITORS: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	3,586	3,567
Corporation tax	-	32
Other creditors	1	-
Accruals and deferred income	63	25
	<u>3,650</u>	<u>3,624</u>

Amounts owed to group undertakings includes £3,520,000 (2020: £1,524,000) overdraft balances placed in a group wide cash and credit facility pooling agreement with the ultimate parent company. The amounts placed are unsecured, incur interest at 0.85% and are repayable on demand.

Within amounts owed to group undertakings include an amount of £55,000 (2020: £35,000) relating to a sub-lease from Arriva Midlands Limited.

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

The total cash outflow for leases was £36,000 (2020: £35,000).

CENTREBUS HOLDINGS LIMITED

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

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

	2021 £000	2020 £000
Amounts owed to group undertakings	105	138
	<u>105</u>	<u>138</u>

Amounts owed to group undertakings relate to a sub-lease from Arriva Midlands Limited.

18. DEFERRED TAX ASSET

	2021 £000	2020 £000
Deferred tax asset / (liability) at 1 January	116	(40)
(Charged)/Credited to profit for the financial year (Note 10)	(101)	156
Deferred tax asset at 31 December	<u>15</u>	<u>116</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Difference between capital allowances and depreciation	-	93
Short term timing difference	15	23
	<u>15</u>	<u>116</u>

19. PROVISIONS

	Dilapidations £000	Insurance £000	Total £000
At 1 January 2021	125	77	202
Additions	28	45	73
Released in year	-	(48)	(48)
Amounts reversed	(89)	-	(89)
Utilised in year	-	(56)	(56)
At 31 December 2021	<u>64</u>	<u>18</u>	<u>82</u>

CENTREBUS HOLDINGS LIMITED

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

19. PROVISIONS (CONTINUED)

The dilapidations provision represents the directors' best estimate of future dilapidation costs arising from existing contractual obligations.

Insurance provisions are amounts payable relating to insurance incidents, based on an assessment of the expected settlement on known claims using the experience of insurance claims handlers.

20. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
400 Ordinary A shares of £1.00 each	400	400
510 Ordinary B shares of £1.00 each	510	510
	<hr/>	<hr/>
	910	910
	<hr/>	<hr/>

21. CAPITAL COMMITMENTS

At 31 December 2021 the company had capital commitments as follows:

	2021 £000	2020 £000
Property, plant and equipment	13	-
	<hr/>	<hr/>

22. PENSION COMMITMENTS

The pension cost charge for the year represents contributions payable by the company to a defined contribution pension scheme and amounted to £90,000 (2020: £88,000).

23. 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.

CENTREBUS HOLDINGS LIMITED

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

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Arriva UK Bus Investments 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 AG Group are not specifically disclosed as the company has taken advantage of the exemption for wholly-owned subsidiaries.