

Registered number: 06544272

CENTREBUS HOLDINGS LIMITED

Annual report and financial statements

For the Year Ended 31 December 2019

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CENTREBUS HOLDINGS LIMITED

Company Information

Directors

A Ashcroft
S W Mathieson
J M Perkin
K L O'Leary
A Godley

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 2019**

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £166,000 (2018: £85,000).

The company did not pay a dividend during the year (2018: £Nil).

DIRECTORS

The director who served during the year was:

A Ashcroft (appointed 11 October 2019)

S W Mathieson

J M Perkin

K L O'Leary

A Godley (appointed 1 April 2020)

M A Bowd (resigned 31 March 2021)

C Woodhouse (resigned 26 March 2019)

SJ Finnie (resigned 18 July 2019)

T C Edwards (resigned 1 April 2020)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Following the acquisition of Arriva by Deutsche Bahn in 2010, 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 treasury policy. For further details relating to financial risk management please refer to the Deutsche Bahn 2019 Integrated Report.

CENTREBUS HOLDINGS LIMITED

Directors' report (continued) For the Year Ended 31 December 2019

FUTURE DEVELOPMENTS

The company is a wholly owned subsidiary of Arriva UK Bus Investments 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.

The company has been working with local authorities to increase services closer to pre-pandemic service levels, to ensure a reduced risk of overcrowding following the reopening of major sectors of the economy. The company will seek to maintain its services at or close to pre-pandemic levels, supported by continued use of available COVID-19 Bus Service Support Grant (CBSSG) Restart funding.

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 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 had net current liabilities of £1,008,000 at 31 December 2019, and is currently dependent on the DB credit facility for daily access to the cash flows required to operate and to support the going concern assertion. As this 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, 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 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 the expected impact of the Covid-19 pandemic on the company's financial position, based on severe but plausible downside scenarios, along with associated management actions, including the continued use of the COVID-19 Bus Service Support Grant (CBSSG) Restart funding, to mitigate those impacts on the company's cash and DB credit facility position. This includes consideration of the risk, which the directors believe to be remote, of potential amendments to calculation methodology within the CBSSG, which is at the discretion of the DfT, that could result in the need to repay funds received under the CBSSG to date.

The directors are confident that the company will remain within its credit facility limit over the assessment period if pandemic response measures impacting use of public transportation were to persist for longer than anticipated, as the directors expect that any withdrawal of government funding (including CBSSG Restart) would also be delayed. If, for any reason, current planned actions were insufficient in ensuring the company remains within its current DB credit facility limit during the assessment period, additional management actions might need to be implemented, which may include, reducing services, delaying or curtailing discretionary expenditures and capital expenditure. If these actions are insufficient to allow cash requirements to be funded from within the current credit facility additional funding might be required from DB. As there is no guarantee that CBSSG Restart or equivalent government funding, received to date or in the future will remain in place or a formal commitment will be in place for the DB credit facility, this also indicates the existence of a material uncertainty that 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 2019

FUTURE DEVELOPMENTS (continued)

Outcome of directors' going concern assessment

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 operate for the foreseeable future.

These conditions indicate the existence of material uncertainties 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.

DISABLED EMPLOYEES

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

CENTREBUS HOLDINGS LIMITED

Directors' report (continued) 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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

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

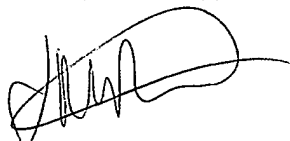
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

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

CENTREBUS HOLDINGS LIMITED

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

This report was approved by the board on 28 April 2021 and signed on its behalf.



J M Perkin
Director

CENTREBUS HOLDINGS LIMITED

Independent auditors' report to the members of Centrebus Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Centrebus Holdings 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 profit 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 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on the continued funding from its ultimate parent undertaking, Deutsche Bahn AG (DB) in the form of a credit facility. The credit facility with DB is not committed for a specific period of time, therefore, it could be withdrawn during the period of 12 months from the date of approval of the financial statements, which may result in the company not being able to continue to meet its operational funding requirements. In addition, in a severe but plausible downside scenario, if pandemic response measures impacting use of public transportation were to persist for longer than anticipated, the directors expect that any withdrawal of government funding including COVID-19 Bus Service Support Grant ("CBSSG") Restart would also be delayed and if required the company would be able to agree an increase to its credit facility limit with DB. However, there is no guarantee that CBSSG Restart or equivalent government funding, received to date or in the future, will remain in place in its current form and there is no formal commitment in place for the DB credit facility. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of material uncertainties 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.

CENTREBUS HOLDINGS LIMITED

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

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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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.

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. 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

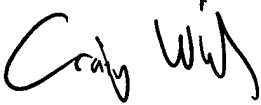
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. 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
28 April 2021

CENTREBUS HOLDINGS LIMITED

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

	Note	2019 £000	2018 £000
Turnover	3	2,916	2,192
Cost of sales		(2,470)	(1,950)
Gross profit		446	242
Administrative expenses		(239)	(121)
Other operating income		10	2
Operating profit	4	217	123
Interest payable and similar charges	7	(16)	(15)
Profit before taxation		201	108
Tax on profit	8	(35)	(23)
Profit for the financial year		166	85
Total comprehensive income for the financial year		166	85

The notes on pages 12 to 33 form part of these financial statements.

CENTREBUS HOLDINGS LIMITED
Registered number: 06544272

Balance sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Goodwill		21	21
Tangible assets	10	1,755	1,209
		<u>1,776</u>	<u>1,230</u>
Current assets			
Stocks	12	18	15
Debtors: amounts falling due within one year	13	475	156
Cash at bank and in hand		5	-
		<u>498</u>	<u>171</u>
Creditors: amounts falling due within one year	14	(1,403)	(839)
Net current liabilities		<u>(905)</u>	<u>(668)</u>
Total assets less current liabilities		<u>871</u>	<u>562</u>
Provisions for liabilities			
Deferred taxation	15	(40)	-
Other provisions	16	(103)	-
		<u>(143)</u>	<u>-</u>
Net assets		<u>728</u>	<u>562</u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account		727	561
Total shareholders funds		<u>728</u>	<u>562</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2021.



J M Perkin
Director

The notes on pages 12 to 33 form part of these financial statements.

CENTREBUS HOLDINGS LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2018	1	476	477
Comprehensive income for the year			
Profit for the financial year	-	85	85
Total comprehensive income for the year	-	85	85
At 1 January 2019	1	561	562
Comprehensive income for the year			
Profit for the financial year	-	166	166
Total comprehensive income for the year	-	166	166
At 31 December 2019	1	727	728

The notes on pages 12 to 33 form part of these financial statements.

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

1. ACCOUNTING POLICIES**1.1 GENERAL INFORMATION**

The company is a private limited company, 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.

1.2 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.

During the year the company adopted IFRS 16 "Leases", which has had a material impact on the company's financial statements (see Note 21). 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.

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

GOING CONCERN

The company is a wholly owned subsidiary of Arriva UK Bus Investments 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.

The company has been working with local authorities to increase services closer to pre-pandemic service levels, to ensure a reduced risk of overcrowding following the reopening of major sectors of the economy. The company will seek to maintain its services at or close to pre-pandemic levels, supported by continued use of available COVID-19 Bus Service Support Grant (CBSSG) Restart funding.

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 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.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN (continued)

Liquidity and funding risk (continued)

The company had net current liabilities of £1,008,000 at 31 December 2019, and is currently dependent on the DB credit facility for daily access to the cash flows required to operate and to support the going concern assertion. As this 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, 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 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 the expected impact of the Covid-19 pandemic on the company's financial position, based on severe but plausible downside scenarios, along with associated management actions, including the continued use of the COVID-19 Bus Service Support Grant (CBSSG) Restart funding, to mitigate those impacts on the company's cash and DB credit facility position. This includes consideration of the risk, which the directors believe to be remote, of potential amendments to calculation methodology within the CBSSG, which is at the discretion of the DfT, that could result in the need to repay funds received under the CBSSG to date.

The directors are confident that the company will remain within its credit facility limit over the assessment period if pandemic response measures impacting use of public transportation were to persist for longer than anticipated, as the directors expect that any withdrawal of government funding (including CBSSG Restart) would also be delayed. If, for any reason, current planned actions were insufficient in ensuring the company remains within its current DB credit facility limit during the assessment period, additional management actions might need to be implemented, which may include, reducing services, delaying or curtailing discretionary expenditures and capital expenditure. If these actions are insufficient to allow cash requirements to be funded from within the current credit facility additional funding might be required from DB. As there is no guarantee that CBSSG Restart or equivalent government funding, received to date or in the future will remain in place or a formal commitment will be in place for the DB credit facility, this also indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Outcome of directors' going concern assessment

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 operate for the foreseeable future.

These conditions indicate the existence of material uncertainties 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)**

1.3 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 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 20 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".

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.4 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.

1.5 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.

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.6 TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation.

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	- not provided
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

CENTREBUS HOLDINGS LIMITED

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.

1.8 INVESTMENTS

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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

**1. ACCOUNTING POLICIES
(CONTINUED)****1.10 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.

1.11 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.

1.12 CREDITORS

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

CENTREBUS HOLDINGS LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.13 CURRENT AND DEFERRED TAXATION

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets and liabilities are not discounted.

1.14 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.

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

**1. ACCOUNTING POLICIES
(CONTINUED)**

1.15 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.

CENTREBUS HOLDINGS LIMITED

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:

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. See Note 10 for the carrying amount of the tangible assets and Note 1.6 for the useful economic lives for each class of assets.

Impairment of debtors

The company make an estimate of the recoverable value of debtors. When assessing impairment of debtors, management considers factors including the ageing profile of debtors and historical experience. See Note 13 for the carrying amount of debtors.

Accruals and deferred income

The company recognise accrued expenses within the financial statements. They are calculated at the cost the company expect to be paid in future periods, based on reliable evidence available at the time the financial statements are prepared.

CENTREBUS HOLDINGS LIMITED

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

3. TURNOVER

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

All turnover arose within the United Kingdom.

CENTREBUS HOLDINGS LIMITED

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

4. OPERATING PROFIT

The operating loss/profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	239	193
Defined contribution pension cost	73	39
Cost of stocks recognised as an expense	586	607
Lease expenses:		
Short term lease expenses	1	-
Other lease expenses	-	24

During the year, no director received any emoluments (2018 - £NIL).

* There are no comparative expenses related to short-term leases and accounted in accordance with IFRS 16. Other lease expenses in the year ended 31 December 2018 represent the total lease expense recognised in accordance with IAS 17. See Note 21 for the impact of adoption of IFRS 16.

5. AUDITORS' REMUNERATION

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

	2019	2018
	£000	£000
Fees for the audit of the company	5	3

CENTREBUS HOLDINGS LIMITED

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

6. STAFF COSTS

Staff costs were as follows:

	2019	2018
	£000	£000
Wages and salaries	1,339	1,117
Social security costs	111	88
Other pension costs (Note 19)	73	39
	1,523	1,244

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

	2019	2018
	No.	No.
Drivers	53	42
Engineering & Cleaning	2	2
Administrative	3	5
	58	49

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£000	£000
Interest payable to group undertakings	15	15
Interest on lease liabilities	1	-
	16	15

CENTREBUS HOLDINGS LIMITED

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

8. TAX ON PROFIT

	2019 £000	2018 £000
CORPORATION TAX		
Current tax on profits for the year	15	36
Adjustments in respect of previous periods	(24)	-
	(9)	36
Total current tax (credit) / charge	(9)	36
DEFERRED TAX		
Origination and reversal of timing differences	22	(13)
Adjustment in respect of prior years	22	-
Total deferred tax charge / (credit) (Note 15)	44	(13)
Total tax on profit	35	23

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	201	108
Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%)	38	21
EFFECTS OF:		
Depreciation in respect of ineligible assets	2	-
Adjustments to tax charge in respect of prior years	(2)	-
Impact of rate change on deferred tax	(3)	2
TOTAL TAX CHARGE FOR THE YEAR	35	23

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

CENTREBUS HOLDINGS LIMITED

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

8. TAX ON PROFIT (CONTINUED)

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.

CENTREBUS HOLDINGS LIMITED

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

9. GOODWILL

	£000
COST	
At 1 January 2019	50
AT 31 DECEMBER 2019	50
Accumulated amortisation	
At 1 January 2019	29
AT 31 DECEMBER 2019	29
NET BOOK VALUE	
AT 31 DECEMBER 2019	21
<i>At 31 December 2018</i>	21

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 2019**

10. TANGIBLE ASSETS

	Leasehold Property £000	Plant and machinery £000	Public service vehicles £000	Total £000
COST OR VALUATION				
At 31 December 2018	2	244	1,687	1,933
Adoption of IFRS 16 (Note 21)	70	-	-	70
At 1 January 2019 (adjusted balance)	72	244	1,687	2,003
Additions	-	77	878	955
Disposals	-	(70)	(338)	(408)
At 31 December 2019	72	251	2,227	2,550
ACCUMULATED DEPRECIATION				
At 1 January 2019	1	225	498	724
Charge for the year	36	13	190	239
Disposals	-	(67)	(101)	(168)
At 31 December 2019	37	171	587	795
NET BOOK VALUE				
At 31 December 2019	35	80	1,640	1,755
At 31 December 2018	1	19	1,189	1,209

Leasehold property includes right-of-use assets recognised in accordance with IFRS 16, with a book value as at 31 December 2019 of £34,000. Depreciation of £36,000 was charged for these assets in the year.

CENTREBUS HOLDINGS LIMITED

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

11. INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2019	<u>1,658</u>
At 31 December 2019	<u>1,658</u>
IMPAIRMENT	
At 1 January 2019	<u>1,658</u>
At 31 December 2019	<u>1,658</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

SUBSIDIARY UNDERTAKINGS

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

Name	Registered office	Class of shares	Holding
Teamdeck Limited	11.1	Ordinary	100%
Yorkshire Tiger	11.1	Ordinary	100%
White Rose Bus Company Limited	11.1	Ordinary	100%

Address of registered office :

11.1 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 2019

12. STOCKS

	2019 £000	2018 £000
Finished goods and goods for resale	18	15
	<u>18</u>	<u>15</u>

13. DEBTORS

	2019 £000	2018 £000
Trade debtors	242	83
Amounts owed by group undertakings	196	-
Other debtors	6	24
Prepayments and accrued income	31	45
Deferred taxation (Note 15)	-	4
	<u>475</u>	<u>156</u>

14. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Lease liabilities	35	-
Amounts owed to group undertakings	1,329	751
Corporation tax	14	36
Accruals and deferred income	25	52
	<u>1,403</u>	<u>839</u>

15. DEFERRED TAX (LIABILITY) / ASSET

	2019 £000	2018 £000
Deferred tax asset / (liability) at 1 January	4	(9)
(Charged) / credited to profit for the financial year (Note 8)	(44)	13
Deferred tax (liability)/asset at 31 December	<u>(40)</u>	<u>4</u>

CENTREBUS HOLDINGS LIMITED

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

15. DEFERRED TAX (LIABILITY) / ASSET (CONTINUED)

The deferred tax (liability)/asset is made up as follows:

	2019 £000	2018 £000
Difference between capital allowances and depreciation	(40)	4
	<u>(40)</u>	<u>4</u>

16. OTHER PROVISIONS

	Dilapidations £000
At 1 January 2019	-
Charged to profit or loss	103
AT 31 DECEMBER 2019	<u>103</u>

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

17. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
400 (2018 - 400) Ordinary A shares of £1.00 each (2018: 400)	400	400
510 (2018 - 510) Ordinary B shares of £1.00 each (2018: 510)	510	510
	<u>910</u>	<u>910</u>

CENTREBUS HOLDINGS LIMITED

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

18. CAPITAL COMMITMENTS

At 31 December 2019 the company had capital commitments as follows:

	2019 £000	2018 £000
Capital commitments	-	61
	-	61

At the balance sheet date, the company had committed spend on tangible assets of nil (2018: £61,000).

19. PENSION COMMITMENTS

The pension cost charge for the year represents contributions payable by the company to a defined contribution pension scheme and amounted to £73,000 (2018: £39,000).

20. 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 Group are not specifically disclosed as the company has taken advantage of the exemption available under IAS 24 'Related party disclosures' for wholly-owned subsidiaries.

CENTREBUS HOLDINGS LIMITED

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

21. 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 £70,000 of right-of use-assets and £70,000 of lease liabilities.

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

	£000
Operating lease commitment as at 31 December 2018	-
Additional lease commitments identified on transition to IFRS 16	72
Recognition exemptions:	
- low value leases	(1)
Effect from discounting	(1)
Lease liabilities and right-of-use assets as at 1 January 2019	<u>70</u>

22. POST BALANCE SHEET EVENTS NOTE

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 is a holding company for a number of passenger service companies. As a holding company the company has been less directly impacted by the pandemic than other companies in the Arriva group.

Impairment charges may need to be recognised in the company's financial statements for the year ended 31 December 2020 on certain of the company's assets, The value of the potential impairments cannot be quantified at this time, as the impairment reviews have not yet been finalised.