

**Strategic report (continued)**  
**For the Year Ended 31 December 2022**

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**FUTURE DEVELOPMENTS (CONTINUED)**

Since inception of the pooling arrangement, the company has never experienced any issue being able to draw upon its cash balances within the group cash pool to settle its liabilities as they fall due. The company has a unilateral right to terminate its participation in the DB group cash pooling arrangement by giving one month's notice to DB. Further, the forecast cash flows prepared by management demonstrate that the company will use its cash surplus, held in the group cash pool, within the assessment period. The company is expected to require a group overdraft facility during the assessment period. No formal application has yet been made to DB for this facility.

Outcome of directors' going concern assessment

The directors acknowledge that the uncertainty regarding immediate access to funds placed with DB prior to the expected change in control, together with the uncertainty over replacement funding arrangements from the point of expected change in control onwards, and whether the company will receive its contractually due payments from TfL, due to the lack of certainty on TfL's path to financial sustainability and extent of additional government support (if required) beyond 31 March 2024, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern.

In completing their going concern assessment, the directors have considered the terms of the TfL support package as noted above, in addition to the public comments made by the Secretary of State for Transport outlining the purpose of this support package and the DfT's stated commitment to supporting London's transportation network and services.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to receive its contractually due payments from TfL and have full and immediate access to its pooled cash or credit facility balances with DB, and that appropriate funding arrangements will be in place post the acquisition of the Arriva group by I-Squared Capital and therefore remain confident of the company's ability to continue to operate and to discharge its liabilities as they fall due 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.

**Future capital investment**

Investment is being made in engineering to ensure the company is well equipped to deal with the increasing number of electric buses that will need to come into the fleet. The company will carry on working with Transport for London to ensure performance continues to improve, environmental considerations are met and the company are the 'Operator of choice' in the London bus market.

**SECTION 172 STATEMENT**

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

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

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**SECTION 172 STATEMENT (CONTINUED)**

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

**Governance**

The company is a wholly owned subsidiary of Arriva plc, with Deutsche Bahn AG being the ultimate parent company. The directors of the company aim to meet monthly to discuss the matters that cannot be delegated under the Companies Act 2006.

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

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

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

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

**Principal decisions**

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

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

**Sustainability**

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

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

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**SECTION 172 STATEMENT (CONTINUED)**

**Sustainability (continued)**

Employee engagement and employee initiatives – pages 6 to 9

Engagement with stakeholders – pages 9 to 10

Streamlined energy and carbon report – pages 11 to 12

This report was approved by the board on 17 November 2023 and signed on behalf of the board.



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**J M Perkin**  
Director