Registered No: 03278419

GOVIA Limited

Annual Report and Financial Statements

For the year ended 2 July 2022

GOVIA Limited
Registered No: 03278419

DIRECTORS AND PROFESSIONAL ADVISORS

Directors
A J F Gordon
C Schreyer
L F M J Rambaud
H Verwer

Company Secretary
C Ferguson

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
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United Kingdom

Bankers
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Solicitors
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Registered office
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The directors present their Strategic report for the year ended 2 July 2022.

GOVIA Limited (the "Company") is a member of The Go-Ahead Group Limited (previously The Go-Ahead Group plc) (the "Group").

Review of business

The Company continues to hold all of the called up share capital of Govia Thameslink Railway Limited, London & Birmingham Railway Limited, London & South Eastern Railway Limited, New Southern Railway Limited, and Southern Railway Limited. These subsidiaries are collectively referred to as the "Govia Group" within the Strategic report.

Govia Thameslink Railway Limited ("GTR")
The Thameslink, Southern and Great Northern franchise commenced on 14 September 2014 and is operated by GTR. The operations of the Southern franchise transferred from Southern Railway Limited to GTR on 26 July 2015.

Along with the majority of UK rail franchises, the Company transitioned from an Emergency Measures Agreement (EMA) with the Department for Transport (DfT) to an Emergency Recovery Measures Agreement (ERMA) on 20 September 2020. In June 2021, the DfT extended GTR's ERMA under the same contractual terms, from its original end date of September 2021 to 31 March 2022.

On 25 March 2022 the Department for Transport (DfT) awarded a National Rail Contract (NRC) to GTR to continue operating the Thameslink, Great Northern, Southern and Gatwick Express rail services. The new contract commenced on 1 April 2022 and will run until at least 1 April 2025, with the potential for a further three years at the Secretary of State's discretion. Like the ERMA it replaced, the NRC is a management contract through which GTR provides agreed rail services for a fee. The contract has limited revenue and cost risk in relation to disallowable costs, which is managed through the Company's internal processes and controls, but is not exposed to changes in passenger demand. Changes in allowable costs (as defined in the contract) are at the risk of the DfT, not the operator. In addition to the fixed management fee and potential performance fee stipulated by the contract, the NRC also allows for individual project fees to be earned by GTR on the delivery of additional initiatives as directed by the DfT.

London & South Eastern Railway Limited ("Southeastern")
On 28 September 2021, the DfT announced its decision to appoint DfT OLR Holdings Limited (the "OLR") to take over delivery of passenger services by the Southeastern franchise when the Company's existing franchise agreement expired on 17 October 2021.

Following the DfT's decision to appoint the OLR, the Company has no commercial activities and the directors no longer consider the Company to be a going concern. The primary focus of the Company is the transfer of assets and liabilities to SE Trains Limited, a wholly owned subsidiary of the OLR, and the collection of outstanding debts and settling of remaining liabilities from its previous business activities. After all liabilities have been settled the Company is likely to be liquidated.

Expired franchises
The Southern franchise operated by New Southern Railway Limited commenced on 12 May 2003 and ran for six years and five months until 19 September 2009. The Southern franchise operated by Southern Railway Limited commenced on 20 September 2009 and ran for five years and ten months until 25 July 2015.

The West Midlands franchise, operated by London & Birmingham Railway Limited, started on 11 November 2007 and expired on 19 September 2015. Under a direct award contract the franchise was extended to 1 April 2016, then to October 2017, and extended again until its end on 10 December 2017. In August 2017, the Company was unsuccessful in its bid to retain these routes under the new West Midlands franchise.

Southern Railway Limited, New Southern Railway Limited and London & Birmingham Railway Limited will continue to exist for the foreseeable future until all liabilities are cleared.

Key Performance Indicators

For the year to 2 July 2022, the Company's key operating statistics were as follows:

	2022	2021
	£'000	£'000
Operating loss (after amortisation)	**(458)**	(338)
(Loss)/profit for the year from continuing operations	**(7,143)**	26,181
Dividends paid	–	(10,799)
Dividends received	–	46,000

The Company's operating loss primarily arises due to consultancy costs in the financial year. Income arises from dividends received from subsidiary companies and is nil for the year.

In the year exceptional costs of £6,650,000 were recognised, comprising associated costs relating to LSER matters of concern. See notes 4 for more information.

The directors consider the state of the Company's affairs to be satisfactory and expect this to continue in the future.

Business Review – Govia Group

For the year to 2 July 2022, the Govia Group's key operating statistics were as follows:

	2022	2021
Total rail operations		
Total revenue (£'m)	**1,983.9**	2,865.3
Operating costs (£'m)	**(1,949.3)**	(2,798.3)
Exceptional items (£'m)	**11.5**	(31.8)
Passenger revenue growth	**69.2%**	(65.3%)

For the year to 2 July 2022, the Govia Group's rail operations are responsible for around 18% of all passenger journeys in the UK.

Like for like passenger growth is a measure of the number of passenger journeys taken on our rail services compared with the previous year. This is measured on a like for like basis, adjusting for significant acquisitions and new franchises. This metric is closely tracked as performance against rail franchise bid assumptions are significantly impacted by passenger volumes. Growth in passenger revenue is as a result of improving economic conditions following the impact of COVID-19.

Individual franchise performances were as follows:

- *Govia Thameslink Railway Limited (GTR)*

At the beginning of the financial year, GTR operated under an Emergency Recovery Measures Agreement (ERMA). Under the ERMA a fixed margin was paid for the operation of rail services, with the potential to earn performance incentives fees in addition.

GTR was awarded a National Rail Contract (NRC) in April 2022, running until April 2025 with the potential for a further three years at the Secretary of State's discretion. Like the ERMA it replaced, the NRC is a management contract through which GTR provides agreed rail services for a fee. The contract has limited cost risk and exposure to changes in passenger demand. Changes in allowable costs (as defined in the contract) are at the risk of the DfT, not the operator. In addition to the fixed management fee and potential performance fee stipulated by the contract, the NRC also allows for individual project fees to be earned by GTR on the delivery of additional initiatives as directed by the DfT.

Throughout 2022 and into 2023, industrial action has impacted rail services across the UK, including GTR on some days. The associated cost and revenue risk of such action remains with Government, not GTR.

GTR operated under an ERMA up to 31 March 2022. The ERMA was a management contract with no revenue or cost risk and the margin was capped at 1.5 per cent comprising a 0.5 per cent fee and 1.0 per cent performance incentive. On 1 April 2022, GTR was awarded an NRC. Under the NRC, GTR earns a fixed management fee of £8.8m per annum (equivalent to a margin of 0.5 per cent of GTR's cost base) to deliver the contract, with an additional performance fee of up to £22.9m per annum (equivalent to an additional 1.35 per cent margin). Subject to the achievement of performance targets set by the DfT, the maximum fee receivable by GTR, on a pre-IFRS 16 basis, would therefore be £31.7m per annum (equivalent to a margin of around 1.85 per cent).

Operating performance for the duration of the ERMA was good, resulting in the achievement and recognition of £9.7m of ERMA performance bonus fee in the year. This position has been confirmed by the DfT to 31 March 2022. Operational performance during the NRC has been in line with expectation resulting in an accrued performance fee of £2.9m.

- *London & South Eastern Railway Limited (Southeastern)*

The Southeastern franchise was operated by LSER under an EMA contract until 17 October 2021 when the DfT appointed the Operator of Last Resort (OLR) to take over the operation of Southeastern services at the end of the franchise term.

Operating performance during the contract was good resulting in the achievement of a £3.9m EMA performance fee recognised in the year.

Business Review – Govia Group *(continued)*

On 18 March 2022, the Secretary of State for Transport and LSER signed a Reconciliation Agreement following the matters of concerns identified in the prior year, resulting in a final settlement amount payable to the DfT. In addition, on 9 May 2022 a final penalty notice was issued to LSER by the Secretary of State in accordance with the Railways Act 1993, resulting in a final settlement of £23.5 million.

Matters of concern
Following the end of the contract on 17 October 2021 the Company has no ongoing commercial activities. Its focus turned to the transfer of trade assets and liabilities to the SET, collection of outstanding debts and settling the remaining liabilities from its previous business operations.

From 17 October 2021, the DfT and the Company entered into an amendment to the EMA (the "Amendment)" whereby the DfT continued to underwrite the risk from revenue and cost that relate to the term of the EMA but arose after 17 October 2021. The Company incurs the cost of meeting the requirements of this Amendment without any reimbursement from the DfT. The committed costs to deliver the obligations specified in the Amendment exceed the economic benefits and as such it is considered to be an onerous contract under the definitions of IAS37. Accordingly, a provision of £1,314,000 was recognised as at 17 October 2021, of which £481,000 had been utilised by the balance sheet date.

As part of its commitments under lease agreements with the rolling stock companies, the Company settled redelivery condition liabilities of £6,226,000 determined as at 17 October 2021. Of these liabilities, £6,126,000 was recorded at 3 July 2021, with the remaining £100,000 arising during the period up to the end of the franchise.

On 16 September 2021 Network Rail confirmed that the Company had complied with its obligations in respect of repair and maintenance for stations and depots leased from Network Rail and as such no dilapidation liabilities existed for the Company to settle as at 17 October 2021.

The Steering Committee's role is to oversee the demobilisation process of the Company and its compliance with both the franchise agreement in cooperation with SET to reach an agreement on the transfer of trade assets and liabilities existing as at 17 October 2021, and with compliance to the Amendment after the transfer date of 17 October 2021.

At the time of the approval of these financial statements the Company and SET have agreed transfer values of most franchise assets and liabilities, referred to as the Net Asset Statement ("NAS"). The exceptions to this are the value of fixed assets and the value of building dilapidations at two non-Network Rail leased depots.

Total liabilities of £27,963,000 have been identified for settlement with SET. Following an interim settlement made in January 2022 of £30,873,000, the Company maintains a NAS amount due from SET of £2,910,000 at the balance sheet date.

The Company also has transactional items, representing income received or costs incurred since 17 October 2021 by either the Company or SET on the other company's behalf. Net transactional items of £3,712,000 have been incurred by the Company. An interim settlement of £12,020,000 was received by the Company reflecting items agreed in January 2022, leaving a remaining liability of £8,308,000 due to SET.

Principal risks and uncertainties

The Company and Govia Group has procedures in place to assess, prioritise, monitor and mitigate business risks. The Company and Govia Group ensures that its board of directors and senior managers of its subsidiaries have considerable experience in the rail industry and can address key issues as they arise. The principal business risks monitored in this way include the COVID-19, political, economic, environmental, infrastructure performance and financial instrument risks.

- *Political Risks*

In May 2021, the Company welcomed the publication of the Government's 'Williams-Shapps Plan for Rail' White Paper detailing its blueprint for the future of UK rail and establishing a direction of travel for the industry. which has been delayed as a result of the COVID-19 pandemic.

The NRC and ERMA have brought greater state control of the rail industry in the aftermath of COVID-19 to ensure the continuity of services. GTR's ERMA contract with the DFT ran to March 2022, when it was succeeded by the NRC.

- *Infrastructure Performance Risks*

Network Rail has responsibility for infrastructure performance, which impacts the Govia Group. All organisations continue to work closely together to understand the underlying causation of delays and agree improvement strategies which will minimise disruption to our customers. In addition to the Alliance Board, established between Network Rail and the Govia Group and Network Rail have also introduced a joint senior performance board to ensure that this area gets the highest level of attention.

Very careful preparations are made for major service and infrastructure changes. Timetable enhancements are being made progressively to minimise the risk of disruption.

The underlying reliability of the network infrastructure will continue to be of significant concern in relation to the Company's ability to operate at the levels of punctuality that customers expect.

- *Exposure to price, credit, interest and liquidity risk*

The Company's principal financial instruments comprise group loans. Other financial assets and liabilities, such as trade creditors and group trading balances, arise directly from the Company's operating activities.

The main risks associated with the Company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the Company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level. The carrying values of investments are impacted by the trading performance and future prospects of the related subsidiaries. Impairment testing is performed where an indicator of impairment exists. The strategic and operational risks faced by the Company's subsidiaries are detailed in the financial statements for those entities.

Price risk is mitigated as there is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates. Credit risk is deemed negligible as the Company does not have any sales transactions.

The Company does not hold cash and therefore has no surplus cash to invest. Interest is charged at a variable rate on group loans. Therefore, financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced as these cash flows partially offset each other. The Company aims to mitigate liquidity risk by managing cash generated by its operations at a group level. Flexibility is maintained by a bank sweeping facility operated by the ultimate parent company.

The Company has negligible foreign currency risk as all of the transactions, assets and liabilities are in sterling.

- *Economic Risks*

For GTR, under the Emergency Recovery Measures Agreement (ERMA) the DfT underwrote both revenue and cost risk. On this basis, there is no significant economic risk from the Agreement. Management is focussed on performance, cost control and compliance with the obligations contained within the ERMA and the underlying franchise agreement. Fundamentally, for the Company to remain compliant with the ERMA, management needed to ensure the Company remains a 'good and efficient' operator in all aspects of its business.

Principal risks and uncertainties (continued)

Failure to comply with the obligations contained in the NRC and the ERMA could lead to financial penalties or, in an extreme situation, termination of the franchise. Compliance with the franchise agreement terms has been closely monitored by an experienced franchise compliance team. Refer to the Future Developments section below, where the risks of the National Rail Contract (NRC) have been considered.

- *Information Security Risks*

Cyber security is a key focus area. Specifically, there is an increased focus around General Data Protection Regulation (GDPR) and Network and Information System (NIS) compliance, as well as the formalising of an information security management system framework. Monthly KPI reporting of information security issues is in place, and initiatives are planned to increase awareness of cyber risk, such as phishing.

Compliance with Section 172(1) of the Companies Act 2006

The directors confirm that, during the year, they continued to promote the success of the Company for the benefit of all stakeholders. In doing so, the Board's desire to act fairly for its members, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions they take, have underpinned the way it operates.

The Company is the holding company of the Group's train operating companies, London & South Eastern Railway Limited and Govia Thameslink Railway Limited owning 100% of the issued share capital in each of these subsidiaries. The Company also continues to hold 100% of the called up share capital of the non-operating companies New Southern Railway Limited, Southern Railway Limited and London & Birmingham Railway Limited which only continue to exist for the foreseeable future until all liabilities are cleared. The Company's ultimate parent and controlling party is The Go-Ahead Group Ltd and it is owned 65% by the Group and 35% by Keolis (UK) Limited. The Company is a vehicle to bid for rail franchises with our joint venture partner Keolis and deals solely with intercompany entities, the key stakeholders of the Company are therefore the Group, Keolis, Southeastern and GTRs. The Company does not have any employees, customers or suppliers.

The board believe that effective communication and proactive engagement with the Group and its members is paramount in establishing a mutual understanding of objectives. During the year, the Group executive directors, and two designated Keolis directors sat on the boards of each of the Company, Southeastern and GTR. This facilitated effective open, transparent and two-way engagement between all companies, the feedback from which formed part of each board's strategic discussions. The Group executive directors formed the primary communication route between the Company and the Group. This structure supports the board in performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006 and to have regard for the interests of all key stakeholders, including on the principal decisions taken (for example decisions relating to direct awards and emergency measure contracts; bid submissions; payment of dividends; board appointments; and approval of accounts).

The Strategic report was approved by the Board of Directors on 6 July 2023 and signed on their behalf by:

C Schreyer
Director

GOVIA Limited

Directors' report

For the year ended 2 July 2022

The directors present their annual report and audited financial statements for the year-ended 2 July 2022.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the Company's strategic report the following which the directors believe to be of strategic importance:

- Review of business;
- Future developments; and
- Financial risk management objectives and policies.

Dividends

Total ordinary dividends paid and proposed in the year were £nil (2021: £10,799,000). The directors do not recommend a final ordinary dividend for the year.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives and policies are described in the Strategic report.

These financial statements have been prepared on the going concern basis as the directors are satisfied that the Company and its subsidiaries are able to meet their liabilities as they fall due for a period of at least 12 months from the approval of these financial statements based upon the expected cashflows of the Company and its subsidiaries.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against the directors. The Company has also granted indemnities to each of its directors and the Company Secretary which represent "qualifying third party indemnity provisions" (as defined by section 234 of the Companies Act 2006), in relation to certain losses and liabilities which the directors (or Company Secretary) may incur to third parties in the course of acting as directors (or Company Secretary) or employees of the Company or of any associated Company.

Directors

Except as noted, the directors who served the Company during the year, and up to the date of approval of the financial statements, were as follows:

M R Dean	(appointed 20 November 2020, resigned 7 May 2022)
G Boyd	(appointed 28 September 2021, resigned 28 March 2022)
C Schreyer	(appointed 5 November 2021)
A J F Gordon	
B D M Tabary	(resigned 19 March 2023)
D A Brown	(resigned 5 November 2021)
C A Hodgson	(resigned 20 November 2020)
E Brian	(resigned 27 September 2021)
S E Mussenden	(appointed 9 May 2022, resigned 31 December 2022)
L F M J Rambaud	(appointed 7 June 2022)
H Verwer	(appointed 7 June 2022)

C Schreyer was a director of the ultimate parent company, The Go-Ahead Group Limited (the "Group), for the year ended 2 July 2022. Following the year end, S E Mussenden and B D M Tabary resigned on 31 December 2022 and 19 March 2023 respectively.

Directors' statement as to disclosure of information to auditor

The directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (this is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Events after the balance sheet date

See note 20 on page 30 for information on significant events requiring disclosure occurring after the balance sheet date, up to the date of approval of these financial statements.

Auditor

The Company, and the Group, has commenced a retender process for its external audit for the 2023 financial year but Deloitte has confirmed that it will not participate in the tender process.

Registered office:
3rd Floor
41-51 Grey Street
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NE1 6EE

Approved by the board and signed on its behalf by:

C Schreyer
Director
6 July 2023

GOVIA Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the 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 the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are 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. They 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
to the members of GOVIA Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of GOVIA Limited (the 'Company'):
- give a true and fair view of the state of the company's affairs as at 2 July 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report *(continued)*
to the members of GOVIA Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Bayne, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
6 July 2023

GOVIA Limited

Income statement

for the year ended 2 July 2022

	Notes	2022 £'000	2021 £'000
Operating costs		(458)	(338)
Operating loss	3	(458)	(338)
Income from shares in group undertakings	6	–	46,000
Interest receivable and similar income	7	28	28
Interest payable and similar expenses	8	(64)	(226)
Exceptional costs	4	(6,650)	(19,283)
(Loss)/profit before taxation		(7,144)	26,181
Tax on (loss)/profit	9	1,358	274
(Loss)/ profit for the year from continuing operations		(5,786)	26,455

GOVIA Limited

Statement of comprehensive income

for the year ended 2 July 2022

	2022 £000	2021 £000
(Loss)/ profit for the year from continuing operations	(5,786)	26,455
Total (loss)/profit and comprehensive (expense)/income for the year	(5,786)	26,455

Statement of changes in equity

for the year ended 2 July 2022

	Notes	*Capital redemption reserve £000*	*Retained earnings £000*	*Total equity £000*
At 27 June 2020		6,500	(153)	6,347
Profit and total comprehensive income for the year		–	26,455	26,555
Equity dividends paid	10	–	(10,799)	(10,799)
At 3 July 2021		6,500	15,503	22,003
Loss and total comprehensive income for the year		–	(5,786)	(5,786)
At 2 July 2022		6,500	9,717	16,217

GOVIA Limited
Registered No: 03278419

Balance sheet

at 2 July 2022

	Notes	*2022* *£000*	*2021* *£000*
Assets			
Non-current assets			
Intangible assets	11	–	211
Investments	12	30,617	30,617
		30,617	30,828
Current assets			
Current tax assets	9	1,635	277
		31,635	277
Total assets		**32,252**	**31,105**
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	13	(16,035)	(9,102)
Total liabilities		**(16,035)**	**(9,102)**
Net current liabilities		(14,400)	(8,825)
Net assets		**16,217**	**22,003**
Capital and reserves			
Share capital	15	–	–
Capital redemption reserve		6,500	6,500
Retained earnings		9,717	15,503
Total equity		**16,217**	**22,003**

The financial statements were approved for issue by the Board of Directors on 6 July 2023 and signed on their behalf by:

C Schreyer
Director

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of GOVIA Limited (the "Company") for the year ended 2 July 2022 were authorised for issue by the board of directors on 6 July 2023 and the balance sheet was signed on the board's behalf by C Schreyer. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The Company is required to comply with IAS 1 *Presentation of Financial Statements*, except in extremely rare circumstances where management concludes that compliance would be so misleading that it would conflict with the objective to 'present fairly' its financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The principal accounting policies adopted by the Company are set out in note 2. They have been applied consistently throughout the year and the prior year unless otherwise stated.

2. Accounting policies

2.1 Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is exempt from preparing group financial statements under s400 of the Companies Act 2006 as it is a subsidiary of a company which prepares consolidated financial statements which are publicly available. As such the financial statements present only information on the Company.

The Company's ultimate parent undertaking, The Go-Ahead Group Ltd, includes the Company in its consolidated financial statements. The consolidated financial statements of The Go-Ahead Group Ltd are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and are available to the public and may be obtained from Companies House, Cardiff and The Go-Ahead Group Ltd website.

The financial statements have been prepared on a historical cost basis. The presentation and functional currency used is sterling and amounts have been presented in round thousands ("£'000").

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures and standards, including those not yet effective:

- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - a) paragraph 118(e) of IAS 38 *Intangible Assets;*
- the requirements of paragraphs 10(d), 111 and 134 of IAS 1 *Presentation of Financial Statements;*
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;* and
- the requirement of paragraph 17 of IAS 24 *Related Party Transactions;*
- the requirements in IAS 24 *Related Party Transactions* 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 IAS 7 *Statement of cash flows*;
- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based payments*;
- the requirements of paragraphs 134 (d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*;

2. Accounting policies *(continued)*

2.1 Basis of preparation (continued)

- the requirements of paragraphs 110 (2nd sentence), 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 *Revenue from Contracts with Customers*;
- the requirements of paragraph 52, 89 (2nd sentence), 90, 91 and 93 of IFRS 16 *Leases* and the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total; and
- the requirements of 'IFRS 7 *Financial Instruments: Disclosures.*

New standards
The following new standards or interpretations are mandatory for the first time for the financial period ended 31 March 2022:

- Impact of the initial application of Interest Rate Benchmark Reform – Phase 2 amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16
- Impact of the initial application of COVID-19 Related Rent Concessions beyond 30 June 2021 - amendment to IFRS 16

Adoption of the standards and interpretations had no material impact on the Company's financial position or related performance.

2.2 Critical judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2. Accounting policies *(continued)*

2.2 *Critical judgements and key sources of estimation uncertainty (continued)*

Exceptional operating items

In certain years the Company presents as exceptional operating items on the face of the income statement material items of revenue or expense which, because of the size or the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow better understanding of financial performance. The determination of whether items merit treatment as exceptional in a particular year is therefore a matter of judgement.

Associated costs relating to LSER matters of concern have been recognised as exceptional costs during the year. Further details are given in note 4.

2.3 *Significant accounting policies*

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are in relation to:

Impairment review

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount, being the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use. Value in use is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reinstated amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis less any residual value, over its remaining useful life.

The carrying value of intangible assets (note 11) and investments (note 12) are annually reviewed for impairment by management. In addition, the measurement and impairment reviews of indefinite life intangible assets requires estimation of the net present value of future cash flows including:

- Growth in profitability and EBITDA adjusted for risk factors appropriate to each business
- Future growth rates
- Timing of future cash outflows such as capital items required
- The selection of a suitable discount rate adjusted for risk factors appropriate to the Group.

2. Accounting policies *(continued)*

2.3 Significant accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax base of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. It is provided for on all temporary differences.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available to allow all or part of the deferred income tax asset to 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 profit will be available to allow all or part of the deferred income tax asset to be utilised.

Tax relating to items recognised outside the income statement is recognised in other comprehensive income or directly in equity in correlation with the underlying transaction. Otherwise, tax is recognised in the income statement.

Intangible assets - franchise set-up costs

A key part of the Company's activities is the process of bidding for and securing franchises to operate rail services in the UK. All franchise bid costs incurred prior to achieving preferred bidder status are treated as an expense irrespective of the ultimate outcome of the bid. Directly attributable incremental costs incurred after achieving preferred bidder status are capitalised.

Capitalised franchise set-up costs are classified as an intangible asset which is amortised on a straight-line basis over the expected period of the franchise in question. The carrying value of such assets are reviewed for impairment at the end of the first full financial year following the award of the franchise and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in subsidiaries are accounted for at cost less, where appropriate, allowances for impairment.

2. Accounting policies *(continued)*

2.3 Significant accounting policies (continued)

Financial instruments

Financial assets
The Company's financial assets are initially recognised at fair value, being the transaction price plus, in the case of financial assets not recorded at fair value through profit or loss in the income statement, directly attributable transaction costs. Financial assets are subsequently classified as being measured at amortised cost, fair value through other comprehensive income, or fair value through the income statement.

The Company's financial assets at amortised cost are non-derivative financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

The Company does not have any financial assets held at fair value through the income statement.

The Company does not have any financial assets held at fair value through other comprehensive income.

The Company uses an impairment model with impairment provisions based on expected credit losses rather than incurred credit losses.

The Company applies the IFRS 9 simplified approach and measures the loss allowance on the lifetime expected credit losses at each reporting date.

Financial liabilities
The Company's financial liabilities include accruals, interest-bearing loans and borrowings. At initial recognition, the Company measures financial liabilities at fair value plus, in the case of a financial liability not at fair value through the income statement, transaction costs that are directly attributable to the issue of the financial liability.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest receivable and similar income
Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Capital redemption reserve
The redemption reserve reflects the nominal value of cancelled shares.

3. Operating loss

This is stated after charging:

	2022 *£000*	*2021* *£000*
Amortisation of franchise bid costs	211	290

The audit fees for the audit of the financial statements of Govia Thameslink Railway Limited, include the fee of £5,000 (2021: £5,000) for the Company.

4. Exceptional costs

This is stated after charging:

	2022 *£000*	*2021* *£000*
Impairment of investment in subsidiaries	–	18,383
Associated costs relating to LSER matters of concern	6,650	900
Exceptional operating items	6,650	19,283

Items recognised as exceptional costs include £6.65m (2021: £0.9m) relating to LSER matters of concern. In the prior year, a comprehensive review of the businesses was undertaken, and it was identified that there were possible indicators of impairments. A full impairment review was subsequently carried out and an exceptional item of £18.383m (2022: Nil) was recognised.

5. Particulars of employees

The Company has no employees (2021: no employees) and no salaries or wages have been paid to the directors, during the current or prior year.

Certain directors of the Company are also directors of The Go-Ahead Group Ltd and are remunerated by The Go-Ahead Group Ltd. It is not practical to allocate their remuneration between their services as directors of The Go-Ahead Group Ltd and their services to the Company. For details on the remuneration of the directors of The Go-Ahead Group Ltd please refer to the Go-Ahead Group Ltd 's consolidated financial statements, available as described in note 6.

6. Income from shares in group undertakings

	2022 *£000*	*2021* *£000*
Income from group undertakings	–	46,000

7. Interest receivable and similar income

	2022 *£000*	*2021* *£000*
Interest from group undertakings	28	28

Interest from group undertakings is charged at a rate of 0.43% (2021: 0.43%).

8. Interest payable and similar expenses

	2022 *£000*	*2021* *£000*
Interest to group undertakings	64	226

Interest to group undertakings is charged at a rate of 0.43% (2021: 0.43%).

9. Taxation

(a) Tax recognised in the income statement

The tax credit is made up as follows:

	2022 *£000*	*2021* *£000*
Current tax:		
UK corporation tax and Total current tax (note 9(b))	(1,358)	(274)

(b) Reconciliation

The tax assessed on the (loss)/profit for the year is the standard rate of corporation tax in the UK.

The differences are reconciled below:

	2022 *£000*	*2021* *£000*
(Loss) / profit before tax	(7,143)	26,181
Tax at UK corporation tax rate of 19% (2021: 19%)	(1,358)	4,974
Tax on dividend income not taxable	–	(8,740)
Tax on impairment of investment in subsidiary	–	3,492
Total current tax (note 9(a))	(1,358)	(274)

(c) Reconciliation of current tax asset

	2022 *£000*	*2021* *£000*
Current tax asset at start of year	277	258
Corporation tax reported in income statement (note 9 (a))	1,358	274
Received in the year	–	(255)
Current tax asset at end of year	1,635	277

(d) Factors affecting future tax charges

The standard rate of UK corporation tax is 19% and therefore 19% applies to the current tax charge arising during the year ended 2 July 2022. Legislation within the Finance Bill 2021 amended this rate to 25.0% with effect from April 2023 and therefore 25.0% has been applied, where applicable, to the Company's deferred tax balance as at the balance sheet date for amounts which are expected to reverse after this date.

10. Dividends

	2022 *£000*	*2021* *£000*
Equity dividends paid on ordinary shares:		
First interim 2022: £nil per share (2021: £nil per share)	–	–
Second interim 2022: £nil per share (2021: £nil per share)	–	–
Third interim 2022: £nil per share (2021: £10,799 per share)	–	10,799
Fourth interim 2022: £nil per share (2021: £nil per share)	–	–
Declared and paid during the year	–	10,799

In prior year, the equity dividends paid on ordinary shares is equivalent to £107,990 per share.

11. Intangible fixed assets

	Franchise set-up costs *£000*
Cost:	
At 3 July 2021 and at 2 July 2022	11,429
Amortisation:	
At 3 July 2021	11,218
Provided during the year	211
At 2 July 2022	11,429
Net book value:	
At 2 July 2022	–
At 3 July 2021	211

A part of the Company's activities is the process of bidding for and securing franchises to operate rail services in the UK. Directly attributable, incremental costs incurred after achieving preferred bidder status are capitalised as an intangible asset and amortised over the finite life of the franchise. The intangibles balance relates to the GTR rail contract which ran until 31 March 2022 and therefore was fully amortised in line with the length of the contract. As of 2 July 2022, the intangibles net book value is nil (2021: £211k).

Amortisation is included within operating costs in the income statement.

12. Investments

	Shares in group companies £'000
Cost	
At 3 July 2021 and 2 July 2022	49,000
Accumulated impairment losses	
At 3 July 2021 and 2 July 2022	(18,383)
Net book value:	
At 3 July 2021 and 2 July 2022	30,617

The Company directly holds ordinary shares in the following companies:

Company	Country of incorporation and principal place of business	Shareholding	Principal Activity	
New Southern Railway Limited	United Kingdom	100%	Non-trading	*
London & South Eastern Railway Limited	United Kingdom	100%	Non-trading	*
London & Birmingham Railway Limited	United Kingdom	100%	Non-trading	*
Southern Railway Limited	United Kingdom	100%	Non-trading	*
Govia Thameslink Railway Limited.	United Kingdom	100%	Rail franchise	*

The investments comprise 4,000,000 ordinary shares at £1 each (100%) in New Southern Railway Limited, 1,000,000 ordinary shares at £1 each (100%) in London & South Eastern Railway Limited, 2,000,000 ordinary shares at £1 each (100%) in London & Birmingham Railway Limited, 2,000,000 ordinary shares at £1 each (100%) in Southern Railway Limited and 5,000,000 ordinary shares at £1 each (100%) in Govia Thameslink Railway Limited.

All of these companies are incorporated in the UK. The registered office for all subsidiaries is 3rd Floor, 41-51 Grey Street, Newcastle-upon-Tyne, NE1 6EE.

13. Creditors: amounts falling due within one year

	2022 £'000	*2021 £'000*
Amounts owed to group undertakings	13,729	7,337
Amounts owed to related parties	2,115	780
Accruals and deferred income	191	985
	16,035	9,102

The net position of transactions to and from group undertakings is settled quarterly. Part of the amounts owed to group undertakings includes loan amounts of £6.0m (2021: £6.0m). The amounts owed to related parties includes loan amounts of £0.4m (2021: £0.4m). The loans are repayable on demand. Interest to group undertakings and related parties is charged at a rate of 0.43% (2021: 0.43%).

14. Related party transactions

	Keolis (UK) Limited		*The Go-Ahead Group Limited*	
	2 July 2022	*3 July 2021*	*2 July 2022*	*3 July 2021*
	£'000	*£'000*	*£'000*	*£'000*
Interest received from related party	–	–	28	28
Interest paid to related party	–	–	(64)	(226)
Amounts owed to related party	(2,115)	(780)	(13,729)	(7,337)

The Company is 65% owned by The Go-Ahead Group Limited and 35% owned by Keolis (UK) Limited.

The Company enters into arm's length transactions with various Go-Ahead Group companies for the provision of certain services including the hire of staff.

15. Called up share capital

	Allotted, called up and fully paid			
		2022		*2021*
	No.	*£000*	*No.*	*£000*
100 Ordinary shares of £1 each	100	–	100	–

16. Performance bonds and other guarantees

The Company has provided bank guaranteed performance bonds of £45.1m (2021: £37.5m), a loan guarantee bond of £36.3m (2021: £36.3m) and season ticket bonds of £nil (2021: £66.5m) to the DfT. The performance bonds are counter-indemnified by the ultimate parent companies of GOVIA Limited.

In addition, the Go-Ahead Group Limited, together with Keolis, has a joint parental company commitment to provide funds of £136.4m (2021: £136.4m) to the DfT in respect of the Govia Thameslink Railway franchise. At the year-end £nil (2021: £nil) has been provided.

17. Capital redemption reserve

The redemption reserve reflects the nominal value of cancelled shares.

18. Contingent liabilities

Boundary Zone Fare proceedings against London & South Eastern Railway Limited (LSER), The Go-Ahead Group Limited, Govia Limited and Keolis (UK) Limited

On 27 February 2019 a Collective Proceedings Application (CPA) was filed at the Competition Appeal Tribunal (CAT) under Section 47B of the Competition Act 1998 against one of Govia Limited's (the Company) subsidiary companies, LSER. The Go-Ahead Group Limited, Govia Limited and Keolis (UK) Limited have since also been added as defendants to the claim (together with LSER, the Defendants). The claim alleges that LSER abused a dominant position by failing to make Boundary Zone Fares sufficiently available to those rail passengers who held TfL travelcards across its multiple sales channels and failed to ensure that customers were aware of these. Equivalent applications were made against Stagecoach South West Trains Limited and First MTR South Western Trains Limited as the previous and current operators of the South West rail franchise.

18. Contingent liabilities (continued)

Boundary Zone Fare proceedings against London & South Eastern Railway Limited (LSER), The Go-Ahead Group Limited, Govia Limited and Keolis (UK) Limited (continued)
The CAT heard the Application for a Collective Proceedings Order (CPO) between 9 and 12 March 2021. This hearing was an initial stage in proceedings to decide whether this is a claim that meets the legislative criteria for this type of claim to proceed to a full trial.

On 19 October 2021, notice of the CPO judgment was received and the claim was certified, meaning it can proceed to trial as a collective proceeding (the Decision). LSER appealed the Decision to the Court of Appeal and the appeal was heard in June 2022. Judgment was handed down on 28 July 2022, refusing the appeal, and the claim will now proceed to a substantive trial.

A case management conference (CMC) was held on 22 March 2023 to determine next steps in the proceedings, including the timetable for filing the Defendants' defence. At that hearing, it was decided that: (a) the Defendants' defence was to be submitted by 12 May 2023 and that a further CMC would then be held to determine the next steps in the case, including the structure and date of the trial; (b) the DfT would not be permitted to intervene in the proceedings in the manner it had requested, but the DfT would be permitted to file neutral written submissions to assist the Tribunal's understanding of the framework for regulation of the railways; and (c) that the claim was to be jointly managed with a similar claim against Govia Thameslink Railway Limited, another subsidiary of the Company (discussed further below).

The DfT filed its Statement of Intervention on 24 April 2023 and the Defendants filed their defence on 12 May 2023. The Class Representative's Reply was filed on 23 June 2023.

A hearing has been scheduled for 7 July 2023 to determine procedural next steps.

The proceedings still remain at an early stage. Certification of the claim to proceed is an initial procedural step and does not entail any judgment on the merits of the claim or on the Defendants' potential liability. The claim is disputed in respect of its technical merits and the basis of the claim appears to be an initial estimate with assumptions that cannot initially be substantiated. At this early stage of the proceedings, prior to consideration of the substantive merits of the claim and the filing of full evidence, it is not yet possible to assess the likely outcome of the case, or to quantify any potential liability of the Defendants. No provision associated with the claim has accordingly been made. There is no legal precedent both in respect of both this type of claim, or how it would be valued if found to be a valid claim. Accordingly, the Company cannot make a reliable estimate of any contingent liability in respect of this matter at the time of publishing the Financial Statements.

Boundary Zone Fare proceedings against Govia Thameslink Railway Limited (GTR), The Go-Ahead Group Limited, Govia Limited and Keolis (UK) Limited
On 24 November 2021, a CPA was filed at the CAT under Section 47B of the Competition Act 1998, against one of the Company's subsidiary companies, GTR, as well as Govia Limited, The Go-Ahead Group Limited and Keolis (UK) Limited (together with GTR, the Defendants). The claim alleges, similar to the allegations made against LSER, that GTR is abusing a dominant position by failing to make Boundary Zone Fares sufficiently available to those rail passengers who hold TfL travelcards across its multiple sales channels and failing to ensure that customers are aware of these.

On 15 December 2021 the CAT stayed proceedings pending the determination of any appeals in the Boundary Zone Fare proceedings against LSER. The stay has now expired. At the joint hearing on 22 March 2023 (mentioned above under the LSER Boundary Zone Fares proceedings), as well as determining that the LSER and GTR Boundary Zones proceedings were to be jointly case managed, the CAT also certified the GTR Boundary Zone Fares proceedings on the same basis as the LSER Boundary Zone Fares proceedings.

18. Contingent liabilities (continued)

Boundary Zone Fare proceedings against Govia Thameslink Railway Limited (GTR), The Go-Ahead Group Limited, Govia Limited and Keolis (UK) Limited (continued)

The GTR Boundary Zone Fares proceedings were formally certified on 24 March 2023. The CAT also permitted the DfT to intervene in both proceedings by filing neutral written submissions to assist the Tribunal's understanding of the framework for regulation of the railways.

The DfT filed its Statement of Intervention on 24 April 2023 and the Defendants filed their defence on 12 May 2023. The Class Representative's Reply was filed on 23 June 2023.

A hearing has been scheduled for 7 July 2023 to determine procedural next steps. No trial date has yet been set.

The proceedings still remain at an early stage. Certification of the claim to proceed is an initial procedural step and does not entail any judgment on the merits of the claim or on the Defendants' potential liability. The claim is disputed in respect of its technical merits and the basis of the claim appears to be an initial estimate with assumptions that cannot initially be substantiated. At this early stage of the proceedings, prior to consideration of the substantive merits of the claim and the filing of full evidence, it is not yet possible to assess the likely outcome of the case, or to quantify any potential liability of the Defendants. No provision associated with the claim has accordingly been made.

There is no legal precedent both in respect of this type of claim, or how it would be valued if found to be a valid claim. Finally, determining how such a claim would be allocated amongst the various parties, and other stakeholders including the DfT, is highly uncertain. Accordingly, the Company cannot make a reliable estimate of any contingent liability in respect of this matter at the time of publishing the Financial Statements.

19. Ultimate parent company

The immediate parent company and immediate controlling party of GOVIA Limited is Go-Ahead Holding Limited, a Company incorporated in United Kingdom and whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne NE1 6EE, United Kingdom. Go-Ahead Holding Limited owned by The Go-Ahead Group plc (the latter was reregistered as The Go-Ahead Group Limited on 13 October 2022 (the "Group")).

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party at 2 July 2022 was the The Go-Ahead Group plc, a company incorporated in United Kingdom whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne NE1 6EE, United Kingdom.

The Go-Ahead Group plc was also the parent undertaking of the Group of undertakings for which Group financial statements were drawn up, and it was also the largest and smallest parent company preparing Group financial statements. The Group-Ahead Group plc was registered in United Kingdom and copies of its financial statements can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

On 10 October 2022, the Group was acquired by Gerrard Investment Bidco Limited ("Bidco"), a newly formed company. Bidco's ultimate parent company is Gerrard Investment Topco Limited, which is indirectly owned by Kinetic TCo Pty Ltd and Global Via Infraestructuras S.A.

As such from 10 October 2022, in the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Gerrard Investment Topco Limited, a Company incorporated in United Kingdom whose registered office is C/O Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ, United Kingdom.

20. Post balance sheet events

On 5 September 2022, the Company's ultimate parent company at this date, The Go-Ahead Group plc (since reregistered as The Go-Ahead Group Limited on 13 October 2022), was subject to a cyber incident where unauthorised access was gained to Go-Ahead's IT systems. Refer to page 73 of the Group's 2022 Annual Report and Accounts for further information. The Company's finance IT infrastructure, including its accounting system are integrated into the Group's IT infrastructure. This caused disruption to our operations for the period of time until the systems were fully restored, however contingency measures were quickly put into place to minimise the impact.

On 10 October 2022, The Go-Ahead Group plc (now called The Go-Ahead Group Limited) was acquired by Gerrard Investment Bidco Limited ("Bidco"). Bidco is a newly formed company indirectly owned by Kinetic TCo Pty Ltd ("Kinetic") and Global Via Infraestructuras SA ("Globalvia").

On 2 March 2023 the Board approved a change in the Company's financial year end from 30 June to 31 December. As a result, the 2023 financial year will run from 3 July 2022 to 31 December 2023.

On 4 November 2022, the board of Govia Limited approved a total dividend of £10,216,874 to Go-Ahead Holding Limited and to Keolis (UK) Limited.

On 22 May 2023, the board of Govia Limited approved a total dividend of £1,024,111 to be paid to Go-Ahead Holdings Limited and Keolis (UK) Limited.